

**STRATEGIC RESPONSES TO CHANGES IN THE EXTERNAL  
ENVIRONMENT BY PENSION ADMINISTRATOR COMPANIES IN  
KENYA**

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## DECLARATION

This research project is my original work and has not been presented or submitted for purposes of a degree or examination in any other university or college.

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

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## **DEDICATION**

This research project is dedicated to my lovely wife Agnes Tanui, and our children Michelle Chepchumba, Myles Kipchirchir and Myron Kipkorir for their love, prayers, constant reminder to work hard and the sacrifices they made to see me finish this Program.

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## **ABBREVIATIONS AND ACRONYMS**

<b>CPF:</b>	Central Provident Fund
<b>GDP:</b>	Gross Domestic Product
<b>IPPS:</b>	Individual Personal Pension Plans
<b>NSSF:</b>	National Social and Security Funds
<b>RBA:</b>	Retirement Benefits Authority

## **ABSTRACT**

The organizations today are faced with the ever changing external environment that affects their operations. Organizations must therefore anticipate and respond strategically to the changes in the external environment to remain competitive and viable in the industry they operate in. The objective of this study was to establish the extent of influence of the external environmental factors and determining the strategic responses that the pension administrator companies have employed in response to the external environmental changes. The study targeted 30 pension administrator companies which have been registered and licensed. The study used a census because of the relatively low population size of the pension administrator companies. Out of the 30 respondents, 26 respondents completed and returned the questionnaires, translating to 86.67% response rate. A semi-structured questionnaire was used as an instrument for data collection. Descriptive statistics were used to analyze the data. Descriptive statistics such as frequencies, means, percentages and standard deviations were used. The analyzed data was presented in form of frequency tables and pie charts. The study found out that external environmental factors affect the operations of the pension administrator companies. The strategic responses used by the pension administrators companies included retrenchment, mergers and acquisitions, low pricing, downsizing, new product development and expansion of the market boundaries. The impact of the strategic responses were observed to lead to customers growth, improved market share, adoption of new technologies, increase in profitability, new product development and enhancing the competitiveness of the organization. The study further found out that through these strategic responses, the firms have been able to attain sustainability and competitiveness in the industry and increase their customer satisfaction levels. The study recommends that the pension administrator companies should regularly and thoroughly evaluate their performance in order to determine the impact of the factors in the external environment. It was recommended that another study should be done to incorporate other variables and separate the large organizations from the small organizations in order to determine how these firms respond differently and separately on the external environmental factors.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The organizations today have to contend with the ever changing external environment that affects their operations. The modern trends have shifted from internal analysis to more sophisticated external environment for the decisions made in the firm depend on the external environmental factors which include the shift in technology, competition, regulation and globalization. The external environment has an influence on the performance of the firm (Machuki and Aosa, 2011). The strategic responses are essential in the firm in order to contain the changes in the external environment which involves dimensions such as making alliances, differentiation and price adjustments that makes the firm fit for the environment (Hoskisson, 2011).

The external environment change is anchored towards the chaos theory which was developed by Murphy (2010) which indicated that the external environment is dynamic and unstable that requires organizations to have strategic responses in order to be sustainable in that particular environment. According to Marwan et al (2016) supporters of the chaos theory emphasized on the need of the organization to establish strategic management practices that can mitigate the risks brought by the dynamic environment and to enhance the organization's operations and being sustainable in the competitive environment. The research is also anchored towards the open approach theory which was developed by Burnes (2000) which recognizes that a firm operates in an open system that allows for the interaction of both the internal and external environment. It establishes that the external environment is essential in the operation of the firm and it is the responsibility of the management in the organization to constantly scan the external

environment to establish the changes in the environment and to devise strategic responses that can contend those changes from the external environment (Bastedo, 2004). Resource dependence theory which was developed by Pettigrew (1992), that recognizes that organizations are affected by the external environment, since the organization usually acquire resources from the external environment for their survival and sustainability in the competitive environment.

Pension administrator companies are essential in the development of the economy of the country. The companies are subjected to competition, political swings, economic crisis such as inflations, technological advancements, government regulation, changes in societal values and customer behavior, globalization and growing vitality for the demand of efficient services. Organizations therefore need to be constantly cognitive of the changes in the dynamic industry and operating environments and to respond appropriately and strategically.

### **1.1.1 Concept of Strategy**

Strategy aims at creating advantageous conditions resulting in both organizational survival and profitability. It has been defined as the link between the internal and external environment that tries to bring a solution to strategic problems (Aosa, 1992). According to Johnson et al. (2009), strategic decisions refer to the scope and direction of organizational activities in the long-term including the exploitation of organizational capabilities (Resources and competencies) in order to create a fit to the external environment, meet stakeholder expectations and gain a competitive advantage. In essence, organizations are composed of internal and external environments which include industry and operational environment.

An organization's internal environment is based on structures, productivity, effectiveness, cost control, profitability and quality and hence easier to deal with as compared to the external environment. However, when organizations are able to strategically sort internal challenges, no more creativity exists and organizations attain ultimate performance. This implies that there will be no more growth, no more innovation and therefore no competitive advantage due to internal operations. Micro and macro environment on the other hand is unstable, highly dynamic, non-linear, sensitive and it is outside the boundaries of any organization (Alshammari et al., 2016). Micro environment is within the industry and normally closer to organizations. This environment is characterized by competition, customer behavior, supplier and sponsor and/or partner considerations. Macro environment includes the political, economic, social, technological and legal changes that affect the business environment of all organizations.

Since organizations can't operate in closed systems without the effect of the external environment, it is paramount that any organization's management is apt enough to enhance organizational adaptability to turbulent business environment in quest for survival and competitive advantage. This indicates that strategy and management is key to business sustainability, survival and performance in general. Strategy refers to plan of actions and allocation of resources to achieve organizational goals in the long-term (Niklos, 2016).

Strategic management includes managerial decisions and actions geared to organizational performance (Damilola et al., 2015). Strategic management is therefore a process that involves management's alertness, constant environmental examination, strategic planning, strategic implementation and execution, evaluation and control based on

organizational SWOT analysis. Changes in the environment threaten organizational survival and performance therefore presenting opportunities for innovation. Goldsmith and Mechling (2008) stipulate that innovation requires proper strategic planning and the overall management process. This indicates that the relationship between internal and external business environment calls for continuous strategic management process resulting in proper strategic responses to match the constant environmental changes.

### **1.1.2 Strategic Responses**

Strategic responses involve changes in the organization processes, procedures and methods. These responses take different forms depending on the organization capability and the environment in which it operates. Strategic responses enable an organization to gain a competitive advantage over other firms in the industry (Snow and Hambrick, 1980). The level of the competition in the industry is analyzed in order to ensure the predictive purpose. Competing organizations within a single industry can be categorized on the basis of the general strategic orientation. This is the reason why different firms facing similar situations act differently in a particular industry.

Strategic responses can be recognized along the horizon and control dimensions. Entrepreneurial responses with long-term objectives are termed strategic (Ansoff and McDonnell, 1990), whereas entrepreneurial responses that seek immediate impacts can be termed tactical responses. Adaptive responses with long-term objectives are recognized by synoptic measures known as planning responses, while adaptive responses with short term objectives which involve incremental actions to restore the firm and to provide limited remedies are known as fire-fighting responses (Smart and Vertinsky, 1984).

The competing firms are divided according to the strategic responses depending on their practices and orientation, which are categorized as defenders, analyzers, prospectus and reactors. To maximize long term effectiveness of the firm, managers need to develop the responses that will enable them to meet with the dynamic changes of the external environment.

### **1.1.3 Pension Schemes in Kenya**

There are four major pension schemes in Kenya and these includes the National Social Security Fund (NSSF), civil service pension scheme, individual retirement benefits scheme and occupational retirement benefits scheme. NSSF was established in 1965 to administer a provident fund scheme for all workers in Kenya. The scheme is financed entirely by employer/employee contribution set at 5% of wages. The Pension Scheme for public service employees and Armed Forces covers civil servants, teachers, police and prison staff. Occupational schemes are voluntary schemes set up by employers for the benefit of their staff. Occupational pension schemes are regulated by the Retirement Benefits Authority under the Retirement Benefits Act (RBA). Lastly, the individual Personal Pension Plans (IPPPs) are schemes set up by institutional providers to target individual members not necessarily tied to an employer or any formal setting. Most of the personal pension plans in Kenya are offered by insurance companies. Occupational and individual pension schemes own 70% of the total pension scheme assets as compared to 30% NSSF and negligible percentages of civil service retirement benefits schemes in Kenya (Odundo, 2008).



Kibet and Simiyu (2016) argue that retirement benefits schemes are indicators of economic growth and significantly influences country's GDP. Kenya, for example has 0.05% GDP compared to Singapore which has 0.39% GDP of the world's economy. This is because Singapore's Central Provident Fund (CPF) offers retirement benefits, healthcare and home ownership with adequate mandatory contributions covering all Singaporeans while Kenya's pension system is characterized by low levels of contribution hence inadequate and cannot sustain retirees after retirement. This explains the variation between Kenya's and Singapore's economies despite the fact the two countries attained independence in the same year, 1963. Adejoh (2013) affirms that pension fund greatly impacts on GDP.

#### **1.1.4 Pension Administrator Companies in Kenya**

Pension administrators refer to individual(s)/ person(s) or entity that is ultimately responsible for the oversight, management and administration of pension plan and the administration and investment of pension fund (Raichura, 2008). Pension administrators could be board of trustees, pension committee, insurance companies or a legislatively authorized group. Pension administrators are answerable to plan beneficiaries, sponsors, regulatory authority and retirement benefits authority. The pension administrator companies sell products such as occupational pension schemes, umbrella pension schemes, personal pension schemes (IPPS) and annuities.

There are thirty pension administrator companies in Kenya (appendix 3). According to the Daily Nation newspaper (Wednesday 13<sup>th</sup> September, 2017), the Kenyan pension scheme has 1,400 registered retirement schemes with assets worth Kshs. 1trillion which are managed and administered by thirty licensed pension administrators, nineteen fund

managers, eleven custodians and ten actuaries. The role of pension administrators is to ensure the management of pension fund and the day-to-day administration of the pension plan (Odundo, 2008). The specific responsibilities include: taking necessary steps to protect the benefits of pension plan members and beneficiaries; conserving and enhancing pension fund assets; channeling information to the beneficiaries; enrolling employees into the pension plan; educating the plan beneficiaries on their rights and responsibilities regarding the plan; determining entitlements; payment of annuities and pensions among other responsibilities.

With thirty pension administrator companies and limited number of products, the operating environment is often characterized by competition, government regulations through retirement benefits authority, economic instability and general dynamic environment that affect the operations of the pension administrator companies.

## **1.2 Research Problem**

The key concern of strategic management has been on how to respond to changes in the external environment. The way a firm respond on the external environment determines how fit the organization is in the industry and the overall performance of the firm (Machuki, 2011). The choices of the strategic responses are determined by the capabilities of the firms for the firm must balance the changes in the external environment with their aggressiveness (Ansoff and McDonnel, 1990; Teece et al, 1997).

Pension schemes have turned out to be key economic pillars since they enhance the performance of insurance companies, improve financial markets and protect investors leading to economic development. Pension schemes over the last four decades have

however been marred with challenge of changes in the external environment. Micro and macro environmental changes are however without an organization's control and therefore the organization's management must constantly keep alert and examine the environmental dynamics, assess the impact and influence of these changes and come up with responsive strategies (Papulova & Papulova, 2006). Strategic responses are therefore inevitable for companies that strive to survive and build competitive advantage and improved profitability for organizational performance (Thompson, 2008).

Several researchers both locally and globally have provided insights on the strategic responses to changes in the external environment. Venkatraman and Prescott (1990) studied on the relationship between external environment, strategic responses and performance in which the study established a positive relationship between strategic responses on the performance. Teece et al (1997) studied on the effects of strategic responses to changes in the environment and performance in which the study established a positive correlation. Machuki and Aosa (2011) established that the external environment has an influence on performance of the firm. Mwangi and Ombui (2012) established that strategic responses are essential in a dynamic environment. Ndirangu (2013) established that a firm need to adopted different response strategies in order to be competitive in the environment.

From the aforementioned studies, several researchers on the study topic have used interviews, case studies and content analysis in establishing the strategic responses to the external environment by companies (Venkatraman and Prescott, 1990; Teece et al, 1997; Machuki & Aosa, 2011; Mwangi & Ombui, 2012; Ndirangu, 2013; Macharia, 2015; Mutuku, 2014). It is evident that there is a research gap in concept, context and

methodology regarding pension administrator companies and their response to the external environment. What are the strategic responses employed by pension administrator companies in Kenya in response to the changes in the external environment?

### **1.3 Research Objectives**

The objectives of the study are as follows:

- i. To establish the extent of influence of the external environmental factors affecting pension administrator companies in Kenya
- ii. To determine the strategic responses that pension administrator companies employ in response to the changes in the external environment

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

The study will be essential to the registered pension administrator companies in the sense that the study highlights the strategic responses to the highly dynamic and turbulent external business environment. These strategic responses enhance organizational survival and boost their competitive advantage.

In addition to the findings of this study informing future researchers and academicians in the field of pension administration, more importantly, the study findings will be useful to the strategic management functions of pension administrator companies and other similar organizations in coming up with responsive strategies to match the dynamic and unstable business environment for sustainability, survival, competitive advantage and improved bottom-line profitability.

Additionally, the findings of this study will inform the policymakers in the formulation of regulations and policies that favor the pension administrator companies without jeopardizing the rights of pension beneficiaries. This study will further validate the existing theories of strategic business environment on their relevance in modern vast dynamic business environment and/or give room for development of other theories.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

Research and observations show that well strategic responses are paramount to organizations seeking to survive and gain a competitive advantage in turbulent external environments. Proper strategic responses enhance profitability and organizational performance. This chapter focuses on theoretical foundation, the concept of strategy, strategic responses, empirical literature review and research gap.

### **2.2 Theoretical Foundation of the Study**

Several theories offer insight into the rationale underlying the strategic responses to external environmental changes. The research is anchored towards the chaos theory, open systems theory and Resource dependency Theory.

#### **2.2.1 Chaos Theory**

Chaos theory was developed by Murphy (2010) in which it refers to a ‘dynamic instability’ or simply a ‘state of disorder’. The theory recognizes the external environment as non-stable, non-linear, highly dynamic and sensitive systems that occur in organizations warranting short-term strategic planning given that small causes equals large effects over time due to the dynamic and chaotic nature of non-linear relationships (Marwan et al., 2016). They indicate that organizations are naturally complex systems in a dynamic domain necessitating proper strategic management to mitigate challenges that result from the relationship between systems and environment. They further argue that due to the dynamic instabilities in the external environment, organizations are constantly under constrains, threats and constant voluntary or imposed changes.

While micro and macro environmental dynamics may be out of industry's control, the dynamic nature of chaotic systems requires that organizations strategically adapt. In this regard therefore businesses are left with no choices but to respond strategically to the ever changing business environment. Chaos theory states the importance of developing strategies to cope with complexity in the business environment (Alshammari et al., 2016). Competition, economic changes, increased customer demands, pressure from the sponsors, government regulations among other environmental factors have affected the pension administration industry. Strategic responses are basically an organization's managements' responsibility and thus this demands that pension administrator companies' leadership must devise ways of coping with the chaotic environmental changes.

### **2.2.2 Open Systems Theory**

Open Systems theory was developed by Burnes (2000), the theory suggests that organizations operate in open systems where there is an interaction between internal and external environment. Most often, organizations transact with the environment by obtaining their inputs from the environment, processing them to goods and/or services and getting their output to the environment (Bastedo, 2004). This indicates that organizations cannot exist without the external environment which explains organizational environmental dependence. It is therefore the responsibility of the managers to constantly scan the environment in order to devise strategic responses to turbulent waves of change. Business environment has a great impact on the performance of organizations and its impact and influence needs to be constantly assessed for strategic realignment.

Organizational external environment consists of the micro and macro environments. In this regard it is prudent for organizations' management to be keen on current and trending issues emerging technologies, new legal regulations, inflations, customer behavior, competition, supplier challenges, sponsor demands, political shifts among other issues that may affect their organizational performance. Failure to be on the lookout for environmental shifts, adaptation and response may lead to loss of market shares, losses and at times extinction.

Pension administrators operate in open systems where they transact with the environment. They are thus affected by environmental changes in the micro and macro environments. This explains the relevance of this theory in this study.

### **2.2.3 Resource Dependency Theory**

Resource dependence theory was developed by Pettigrew (1992), the theory maintains that organizations are resource insufficient and they strive to acquire and sustain resources from their external environment. Resources are controlled by external actors who exert demand on the organization. These actors perceive certain advantages in their relationship with the organization and exercise power through control over resources. The heavier the dependence on external resources, the more the demands of a particular actor controlling these resources are influential. The challenge is for the organization to proactively and effectively manage incompatible and competing demands. The management of the organization should employ a variety of measures to try to influence demand and flow of critical resources and consequently to reduce the uncertainty in its external environment (Oluoch, 2013).



The theory is essential in the research study for it recognizes the degree of dependence on the external environment by firms, particularly for the resources they require to operate and how firms need to manage their external dependency in order to reduce their environmental uncertainty and transaction cost that are associated with external environment interdependency.

### **2.3 Organizations and the Environment**

Organizations are often surrounded by the industry and operational environments affecting their day-to-day activities. Micro (Industry) and macro (operational) environments transact with organizations on a daily basis. According to Eruemegbe (2015), business environment is complex and dynamic with great impacts on organizations. It is characterized by globalization, vast growth in technology, political and economic shifts, changes in societal values, competition, varying customer and supplier demands, legal reforms among others.

Pindiche (2013) clearly states that microeconomic level affects the customers/consumers, suppliers, distributors and competitors who are the main market players. Consumers majorly play a significant role in the normality of the market by purely determining the direction of supply and demand curves. Suppliers and distributors are organizations and individuals that provide organizational inputs while competitors are similar firms in the same industry seeking to meet the same customer needs. Organizations must anticipate and respond strategically to changes in the microenvironment to outdo those of their competitors. Flexible organizations adapt to the micro environment by investing in research and development to achieve economies of scale (Kadocsa & Francsovcics, 2011; Isoraite, 2009). Research and development

programs often materialize into innovative products, brands and technologies leading to flexibility and adaptability to turbulent environmental changes (Goldsmith & Mechling, 2008).

Macroeconomic levels on the other hand consist of political, economic, social, technological and legal reforms (PESTEL) that affect businesses on a daily basis. Components of macro environment do not emerge in the same direction and with the same intensity and therefore have adverse effects on company operations (Pindiche, 2013). In this regard, the impact of political waves, the influence of economic factors and social factors, the technological advancements and regulation cannot be underestimated. Political factors such as the type of government, political party systems, political regime, government legislations, stability of government policies and policy measures economically and socially affect both national and foreign investors (Kirkbesoglu, 2012; Cooper & Schendel, 2001; Sternad, 2012). It is therefore important to constantly assess the macroclimate and determine its influence on organizational operations in order to determine strategies that foster adaptability to the environment.

Organizational concentration on external business environment allows determination of organizational SWOT analysis and to measure responsiveness and anticipation. The detection of pension administrator companies' strengths and weaknesses and alignment to the external environmental threats and opportunities is particularly important for connecting business to its dynamics. SWOT analysis can only be carried out in relation to the external environment. Business external environment often affects organizational performance in terms of strengths, weaknesses, threats and opportunities. These factors affect day-to-day activities of organizations thereby affecting the organizational

performance. Poor performance of organizations impacts negatively on its immediate environment as well as the external environment. Organizational performance is therefore a great determinant of economic, social and political progress of any given country as argued by Gavrea et al. (2011).

## **2.4 Strategic Responses**

Major environmental shifts often make organizations' strategies outdated calling for strategic adjustments in response to advancements in technology, competitions from other firms within the industry, client behavior, partner and sponsor requirements, supplier and distributor considerations, changes in regulations, inflations, changes in societal values, political waves among others. In this regard, companies ought to be constantly alert by identifying their strengths and weaknesses in relation to environmental threats and opportunities (Akhter & Barcellos). Kibet and Simiyu (2016) indicate that this can be achieved through constant strategic process evaluations for organizational performance which can be enhanced through organizational strategic management.

Ndirangu (2013) argues that companies can adopt various strategies including strategic alliances, outsourcing, mergers and acquisitions, vertical integrations and offensive strategic responses to adapt to the environmental shifts for sustainability, competitiveness and survival. Ndirangu (2013) states that organizations must have the required capabilities to match their strategies to turbulent environment in order to optimize profitability. He further indicates that the relationship between environment and strategy and in turn to performance cannot be underestimated. Organizations are left with little to do other than respond to environmental changes accordingly to enhance their survival and competitive advantage.

Complex and adaptive systems of the business environment influence the choices of an organization's strategies. Strategic management process (Planning, implementation and execution, monitoring, evaluation and control) is a sum total of an organization's long term goals that require flexibility in an unstable environment. Therefore, businesses must be constantly alert to competitive pressures and respond strategically failure to which organizations are doomed to perform poorly (Mutuku, 2014).

Strategic responses are characterized by major market adjustments, innovations, technological adoption and strategy realignment to gain a fit to dynamic business environments. Companies with outstanding performance align their strategies to delivery performance, flexibility, and quality. Often, successful companies find themselves in dynamic and competitively hostile environments thus adopting strategies that enable differentiation based on operations capabilities.

Ketchen and Palmer (1999) argue that poorly performing companies will always apply threat rigidity by bringing changes in their products and services based on their historical performance rather than innovations and marketing adjustments as applied by highly performing companies. They further elaborate that low performing companies often focus on making adjustments in the internal environment like lowering product costs to gain fit to the environment while high performers try new product and market innovations to match the competitive environment. More often, strategic responses determine the survival, competitive advantage and performance of organizations in the business environment.

## **2.5 Empirical Review and Research Gap**

Various researchers have found that external environmental factors affect different organizations differently and therefore strategic responses vary within and between organizations. Venkatraman and Prescott (1990) studied on the relationship between external environment, strategic responses and Performance. On which the study focused on the impact on environment-strategy co-alignment: An empirical test of its performance implications. There was a positive performance impact of environment strategy co-alignment. The study limited itself to 'external fit'. Formulation of strategy in alignment to environmental context. Strategic orientations exhibited in each of the environments not considered. Pidiche (2013), in his study on the effects of external environmental components on trade companies in Romania, found that environmental factors often define organizational strategies. He argues that dealing with the external business environment enabled the trade companies to identify their strengths and weaknesses and to measure responsiveness and anticipation. Banahene et al. (2016) also substantiates this fact by appreciating the contribution of business environment to organizational strategic success in Handicraft export organizations in Ghana. According to them, macro environmental factors act as both enabling and challenging factors to strategic implementation process. On the other hand, Obasan (2014) indicates that external environment shapes organizational performance in terms of growth, survival, relevance and extinction.

Machuki and Aosa (2011) did an empirical investigation of strategic responses in changes in the external environment on the selected strategy variables on firm's performance in large private manufacturing firms in Kenya. Independent effect of selected variables

(core competencies, core capabilities, strategy, strategy implementation) on firm's performance is weaker compared to the joint effect of the same variables. The role of external environment was not considered in this study yet it influences firm's strategic response. Also limited to large private manufacturing firms.

Mwangi and Ombui (2017) in their study on strategic responses to external environment by Murata Sacco, using case study research design, interviews and content analysis method, found that new technologies, high client expectations and government regulations affected their performance. They suggested that strategic responses such as marketing and advertisement, diversification, rebranding and partnerships would be appropriate for the ultimate performance of the Sacco.

The researchers have neither addressed any external environmental factors affecting the pension administrator companies in Kenya; the strategic responses to the turbulent business environment; or the relationships thereof. Where studies have been carried out on pension administrator companies, more emphasis has been placed on the investment of pension funds (Adeoti et al., 2012; Odundo, 2008), impact of pension schemes on economic growth (Adejoh, 2013; Farayibi, 2016; Kibet & Simiyu, 2016) and pension fund reforms (Masinde and Olukuru, 2014). Mwangi and Ombui (2017) used case study research design, interviews and content analysis in their study on strategic responses to external environment by Murata Sacco. In this case, there is a contextual and methodology gap.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research methodology deals with the description of the methods applied in carrying out the research study. The research methodology presents the design of the research, data collection procedures and analysis of the collected data using available tools.

### **3.2 Research Design**

Research design is a plan outlining how information is to be gathered for an assessment or evaluation that includes identifying the data gathering method(s), the instruments to be used/created, how the instruments will be administered, and how the information will be organized and analyzed (Kisilu et al. 2006). According to Mutuku (2014), a research design is where background, development, current conditions and environmental interactions of one or more individuals, groups, communities, businesses or institutions is observed, recorded and analyzed for stages of patterns in relation to internal and external influences.

This research adopted a descriptive cross-sectional survey design. It enhanced an analysis of the strategic responses that pension administrators employ to cope with the vast dynamic business environment. A cross-sectional survey design reports on the situation as it is without changing in any way (Olsen & Diane, 2004). Survey research refers to a measurement process in collecting data on human characteristics such as attitudes, thoughts, and behavior by obtaining responses from individuals through a highly structured interview.

### **3.3 Population**

Population refers to the entire group of individuals, events or objects having common observable characteristics (Mugenda and Mugenda 2003). It is the aggregate of all that conforms to a given specification.

The population of this study consisted of all the registered pension administrator companies in Kenya. As at August 2017, there were a total of 30 pension administrator companies. The study employed a census survey of these companies in a period of three years, 2014-2016 especially due to the recent changes in the external environment of the firms.

### **3.4 Data Collection**

The study used primary data which was collected using a structured questionnaire to the administrators of all the pension administrator companies (Appendix 2). The questionnaire was the only primary data collection instrument. A questionnaire is a research instrument that gathers data over a large sample (Kombo & Tromp, 2006). The questionnaires consisted of semi structured questions. The structured questions provided a comprehensive data on the perception of the respondents on the strategic responses to the changes in the external environment. They were also economical to use in terms of money and time. The questionnaires comprised of both closed and open ended questions. The respondents comprised of the management of the pension administrators' firms or their equivalent for instance managers for their deemed knowledgeable on the strategic responses to changes in the external environment.



The questionnaire was helpful in obtaining both quantitative and qualitative data from the respondents. Questions covered the strategic responses that have been employed by pension administrator companies in achieving survival and competitive advantage in the wake of the constantly changing business environment.

### **3.5 Data Analysis**

Data that were obtained from the field were processed, and analysed using descriptive analysis to generate required information. Data processing implies editing, coding, classification and tabulation of collected data (Kothari, 2004).

The process involved data preparation and carrying out descriptive analysis. The descriptive is in terms of frequency, mean, and standard deviation. According to Saunders et al., (2007), every statistic used to describe a set of data usually summarizes the information in the data by disclosing the average indicators of the variables used in the study. The findings/output from descriptives were summarised using simple tabulation and the data presented using tables and charts. The analyzed data was interpreted in line with the research questions and objectives, and conclusions drawn.

## CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

### 4.1 Introduction

This chapter presents the data collected in line with the methodology and objectives of the study. The data reveals useful insights that offer answers to the research questions. From the analysis of the data, the results provide a good basis for drawing clear conclusions about the study.

### 4.2 Response Rate

The researcher administered 30 questionnaires in the targeted respondents, and out of the 30 respondents, 26 respondents returned completed questionnaires, translating to a response rate of 86.67%. This response rate was considered satisfactory since it crossed the minimum threshold recommended by Cooper and Schindler (2010).

### 4.3 Demographic Data

The demographic data collected comprised of the respondents work experience and respondents work position in their firms.

#### 4.3.1 Respondents' Work Experience

The researcher asked the respondents to indicate the period they had worked for their firms. Table 4.1 below shows the findings.

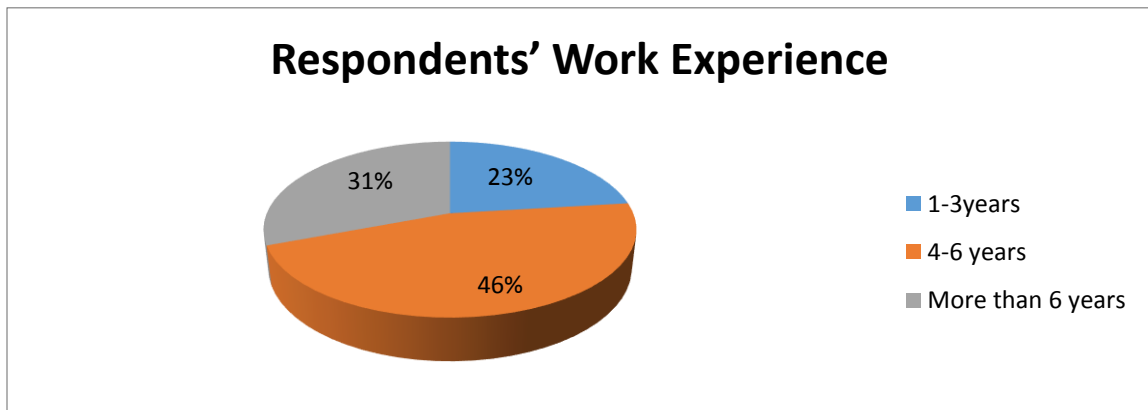
**Table 4.1: Respondents' Work Experience**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	1-3years	6	23.08	23.08	23.08
	4-6 years	12	46.15	46.15	69.23
	More than 6 years	8	30.77	30.77	100.0
	<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	

**Source: Primary Data (2017)**

Most of the respondents (46.15%) had worked at their organizations for between 4 to 6 years, and the group of the respondents who had served their organizations for more than 6 years (30.77%) followed this group closely. The least among the respondents (23.08%) had worked for their organizations for not more than 3 years. Figure 1 below further demonstrates the findings.

**Figure 4.1: Respondents’ Work Experience**



**Source: Primary Data (2017)**

#### 4.3.2 Respondents’ Work Position

The researcher also sought to know the positions that the respondents held in their organizations. Table 4.2 below shows the findings.

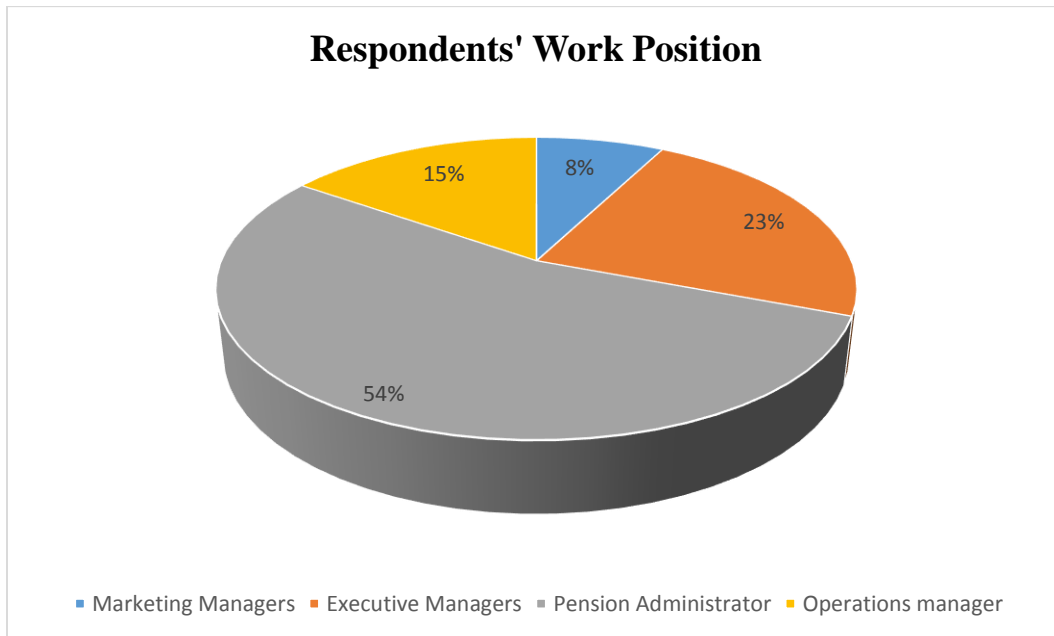
**Table 4.2: Respondents’ Work Position**

<b>Current position</b>	<b>N</b>	<b>%</b>
Marketing Managers	2	7.69
Executive Managers	6	23.08
Pension Administrator	14	53.85
Operations manager	4	15.38
<b>Total</b>	<b>26</b>	<b>100</b>

**Source: Primary Data (2017)**

Most of the respondents (53.85%) were pension administrators, while 23.08% were executive managers. Few of the respondents were operation managers (15.38%) and marketing managers (6.25%). Figure 4.2 below further shows the findings on the positions that the respondents held.

**Figure 4.2: Respondents' Work Position**



**Source: Primary Data (2017)**

#### **4.4 Extent of Influence of External Environmental Factors**

The research sought to establish the extent of influence of external environmental factors which include the Micro environmental factors and Macro environmental factors on pension administrator firms in Kenya.

##### **4.4.1 The Microenvironment**

The respondents were asked to use a 5-point Likert scale to indicate how they agreed with the statements describing what they thought of the Microenvironment. The following Table no. 4.3 shows the descriptive statistics of their responses.

**Table 4.3: The Microenvironment**

<b>Description</b>	<b>Mean</b>	<b>Std. Dev.</b>
My company's industry environment is faced with stiff competition	4.23	0.0120
Pricing is very challenging to my company	3.91	0.1360
My company is faced with market place price competitiveness	3.85	0.4333
My company is threatened by new market entrances	3.85	0.6720
My company offers a limited number of products	3.69	0.0973
Suppliers to my company are effective, efficient and consistent	3.64	0.2240
Our suppliers have good bargaining power	3.84	0.0800
Our clients are satisfied with our services	4.08	0.2693
Our clients are very demanding	4.12	0.0667
My company has the ability to attract capable employees	4.03	0.1367

**Source: Primary Data (2017)**

Note: A scale of 1 to 5 was used, where 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=strongly agree.

The findings in table 4.3 above suggest that the external environment affects pension administrator firms. The external environmental factors include competition, suppliers, and customers. The research data supports Murphy's (2010) chaos theory that recognizes the external environment as non-stable, non-linear, highly dynamic and sensitive systems that occur in organizations warranting short-term strategic planning given that small causes equals large effects over time due to the dynamic and chaotic nature of non-linear relationships.

The factors within the external environment warrant strategic responses that can help the organization sustain its performance and achieve its corporate goals. If firms fail to make the changes warranted by the external environment, they lose their competitiveness and, ultimately, they will go out of business.

#### 4.4.2 The Macro environment

The respondents were also asked to use a 5-point Likert scale to indicate how they agreed with statements describing what they thought of the macro environment. The following table shows the descriptive statistics of their responses.

**Table 4.4: The Macro Environment**

<b>Description</b>	<b>Mean</b>	<b>Std. Dev.</b>
Political climate affects the organizational operating environment	4.07	0.0880
Tax policies restrict our company's operations	4.01	0.2347
Political stability enhances our performance	3.96	0.0960
Economic growth does not affect my company's operations	3.85	0.0093
Inflation rates are detrimental to my company's operations	3.80	0.1547
Interest rates disrupt my company's strategic implementation	3.69	0.2840
Exchange rates do not affect our daily operations as a company	3.64	0.0480
Client preferences are not a threat to our company	3.59	0.5907
Changes in lifestyles affect my company's operations	4.23	0.2373
Population growth has an effect on my company's operations	4.17	0.1120
Age distribution is a factor in my company's operations	4.07	0.2307
Pension department is highly automated in my company	3.85	0.2413
There is high rate of technology change in my company	3.80	0.0880
Government regulations affect operations in my company	3.75	0.0947

**Source: Primary Data (2017)**

Note: A scale of 1 to 5 was used, where 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree.

Besides the microenvironment, firms have to grapple with factors in the macro environment, too. From the findings, it is clear that pension administrator firms face environmental factors that they cannot control. The macro environmental factors include political and regulatory factors, economic issues, technological and demographic factors.

The findings are consistent with the open systems approach theory that shows the importance of integrating the external and internal environmental factors for firms that wish to sustain good performance (Burnes, 2000). Once the pension firms understand the macro environmental factors influencing their performance, they can take actionable steps to ensure they deliver value to their stakeholders.

#### **4.4.3 Impact of External Environmental Factors**

The respondents were also asked to use a 5-point Likert scale to indicate how they agreed with statements describing the impact of the external environment factors. The following table shows the descriptive statistics of their responses.

**Table 4.5: Impact of External Environmental Factors**

<b>Description</b>	<b>Mean</b>	<b>Std. Dev.</b>
Competition (pricing, new entrances, new products, new markets)	4.04	0.04
Suppliers (effectiveness, efficiency, bargaining power)	3.91	0.41
Client considerations (satisfaction, growth, demands, preferences)	3.83	1.30
Political factors(political climate, stability, taxes)	3.72	2.02
Economic factors (growth, inflation, interest, & exchange rates)	3.56	0.29
Social factors (population growth, preferences, lifestyle)	3.67	0.67
Government legislations	3.79	0.20

**Source: Primary Data (2017)**

Note: A Likert scale of 1 to 5 was used, where 5=Very great extent, 4= Great extent, 3= Moderate extent, 2=Less extent and 1=No extent.

The findings above indicate that the external environmental factors have had a great impact on the pension administrator companies. These factors include the competition, suppliers, client considerations, economic, social, and political factors. Indeed, according to Kibet and Simiyu (2016), strategic evaluation of organizational performance enables an organization to identify the external factors that have affected performance, and this is the case at the pension administrator firms. Considering how the respondents understand how the external environmental factors have influenced their organizations, it is clear that this understanding has come from formal performance evaluation exercises where the employees appraise the factors emerging from the external environment.



#### 4.5 Strategic Responses to the External Environmental Factors

The respondents were asked to use a 5-point Likert scale to indicate how their organizations responded to the external environment. The following table shows the descriptive statistics of their responses.

**Table 4:6: Strategic Responses to the External Environmental Factors**

<b>Strategic Response</b>	<b>Mean</b>	<b>Std. Dev.</b>
Retrenchment	3.69	0.70
Mergers and acquisitions	3.60	0.29
Low pricing	3.42	0.03
Downsizing	3.33	0.46
New product development	3.16	0.85
New markets	3.07	0.14

**Source: Primary Data (2017)**

Note: A scale of 1 to 5 was used, where 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree.

From the findings above, the respondents agree that strategic responses to environmental factors include retrenchment, mergers and acquisitions, low pricing, and downsizing. As Ndirangu (2013) argues, companies can adopt various strategies including strategic alliances, outsourcing, mergers and acquisitions, vertical integrations and offensive strategic responses to adapt to the environmental shifts for sustainability, competitiveness and survival. Retrenchment allows the pension firms to reduce their operating costs, and this enables them to focus on other areas that might give them competitive advantage. For instance, if the changes in the environment result from technological changes, the cost savings from retrenching some employees can be used to invest in new technology.

Mergers and acquisitions also help enhance the competitiveness of an organization in the face of changing environmental factors. When a firm merges with another one, its market share increases, and this helps it improve its competitiveness. Low pricing, downsizing, and new product and market development are also other ways in which the pension firms have responded to the external environmental factors. With low pricing, the organization can compete effectively against its competitors. We also see how some strategies facilitate others. For instance, downsizing and retrenchment help drive the operating costs down, and this, in turn, enables the organization to charge low prices for its products. With the savings from downsizing and retrenchment, the organization can develop new products and start selling its products in new markets after the traditional markets become saturated. The strategic responses in pension firms help them remain competitive in a dynamic environment.

The respondents were also asked to use a 5-point Likert scale to indicate the impact of strategic responses to the external environment. The following table shows the descriptive statistics of their responses.

**Table 4.7: Impact of the Strategic Responses**

<b>Impact</b>	<b>Mean</b>	<b>Std. Dev.</b>
My company has experienced client growth	4.04	0.71
My company's market share has improved	3.96	0.34
There have been market innovation strategies in my company	3.78	0.69
My company's profitability has been on the rise	3.62	0.72
My company is highly competitive	3.93	0.26
My company has developed new products	3.84	0.28

**Source: Primary Data (2017)**

Note: A scale of 1 to 5 was used, where 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree.

The findings suggest that strategic responses have been beneficial to pension administrator firms in terms of client growth, improvement in market share, market innovation strategies, increased profitability, improved competitiveness, and new product developments. According to Ketchen and Palmer (1999), poorly performing companies will always apply threat rigidity by bringing changes in their products and services based on their historical performance rather than innovations and marketing adjustments as applied by highly performing companies. Thus, failing to respond appropriately to external environmental factors can be disastrous. From the findings, it is clear that pension administrator firms have been careful to avoid the pitfalls of failing to adjust to a changing environment.

These firms have made appropriate responses, and this has helped them experience client growth, improve market share, and implement market innovation strategies. Client growth comes from providing services that appeal to the customers, and to provide such services, an organization must understand how the external environment shapes customer preferences. Once an organization attains client growth, its market share grows, helping it earn higher revenue and reduce its operating costs. With adequate cash flow and low operating costs, it is easy for an organization to implement market innovation strategies because it uses adequate cash reserves to fund the value-creating innovation initiatives. Ultimately, continuous innovation makes an organization competitive because it can respond well to changing customer preferences. When an organization is competitive, its profitability improves, and this is what has happened to pension administrator companies.

The bottom line is that good responses to external environmental factors deliver good returns.

#### **4.6 Discussion of the Findings**

This section involves comprehensive discussion on the findings with comparison with the theories and other studies as addressed in chapter two in regards to the strategic responses to changes in the external environment by the Pension administrators companies.

##### **4.6.1 Comparison with the Theories**

From the findings above, it is evident that the external environmental factors affect pension administrator firms. The external environmental factors that affect pension administrator firms include competition, suppliers, and customers. The research findings supports Murphy's (2010) chaos theory that recognizes the external environment as non-stable, non-linear, highly dynamic and sensitive systems that occur in organizations warranting short-term strategic planning given that small causes equals large effects over time due to the dynamic and chaotic nature of non-linear relationships. The factors within the external environment warrant strategic responses that can help the organization sustain its performance and achieve its corporate goals. If firms fail to make the changes warranted by the external environment, they lose their competitiveness and, ultimately, they will go out of business.

The findings are also consistent with the open systems theory that shows the importance of integrating the external and internal environmental factors for firms that wish to sustain good performance (Burnes, 2000). Once the pension firms understand the external

environmental factors influencing their performance, they can take actionable steps to ensure they deliver value to their stakeholders.

#### **4.6.2 Comparison with Other Studies**

From the findings, the strategic responses to environmental factors include retrenchment, mergers and acquisitions, low pricing, and downsizing. As Ndirangu (2013) argues, companies can adopt various strategies including strategic alliances, outsourcing, mergers and acquisitions, vertical integrations and offensive strategic responses to adapt to the environmental shifts for sustainability, competitiveness and survival. Retrenchment allows the pension firms to reduce their operating costs, and this enables them to focus on other areas that might give them competitive advantage. For instance, if the changes in the environment result from technological changes, the cost savings from retrenching some employees can be used to invest in new technology.

The findings also indicate that the external environmental factors have had an impact on the pension administrator companies. These factors include the competition, suppliers, client considerations, economic, social, and political factors. Indeed, according to Kibet and Simiyu (2016), strategic evaluation of organizational performance enables an organization to identify the external factors that have affected performance, and this is the case at the pension administrator firms.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter summarizes the findings of the study and draws the necessary conclusions. The findings provide valuable insight on how pension firms can improve how they respond to external factors, and this chapter recommends necessary action in that regard. The chapter also highlights the limitations of the study and suggests areas for further research.

### **5.2 Summary of the Findings**

The analysis of the data indicated that the strategic responses are essential to the changes in the external environment. Thus it was essential for the pension administrator companies to establish the extent of the external environment and the strategic responses to the changes in the external environmental factors as indicated in the findings.

#### **5.2.1 Summary of Findings on Extent of External Environmental Factors**

From the findings, it is apparent that the external environment has affected the pension administrator firms. The external environmental factors include political, economic, demographic and technological factors.

Besides the macro environmental factors, pension administrator firms have felt the impact of factors in their microenvironment. The factors in their microenvironment include the suppliers, the competitors, and the customers. The combination of the factors in the micro and macro environment has created a dynamic context that requires innovative strategies.

## **5.2.2 Summary of the Findings on Strategic Responses to Changes in External Environment**

Pension administrator firms have responded to the external environment in several ways, including retrenching the employees, reducing prices, downsizing, and mergers and acquisitions. The responses to environmental factors have sought to reduce costs, help the firms save, and this ultimately enables the firms to sustain their competitiveness in a dynamic operating environment. Formal performance evaluation in the pension firms helps in appraising the environmental factors in order to decide the most appropriate response.

The strategic responses to environmental factors have helped the pension administrator firms improve their performance. Through these responses, the firms have attained client growth, increased the market share, implemented market innovation strategies and increased profitability, and these beneficial aspects show the value of appropriate strategic responses to external environmental factors.

## **5.3 Conclusion**

The external environment has affected the pension administrator firms. Political, economic, social, and technological factors have had an impact on the operations of pension administrator firms. Often, these factors have caused an increase in operating costs, loss of market share, and, ultimately, loss of competitiveness. The effect of the environment shows how pension firms operate in a system, and they cannot afford to ignore what goes on in the external environment. Good responses to the environmental factors have helped the pension firms turn around their fortunes.

As the research findings show, the responses to the environment have largely entailed measures meant to reduce operating costs and aligning the operations with the needs and preferences of consumers. For instance, retrenchment helps reduce the employee expenses, allowing the pension firms to focus on other areas that are important for their competitiveness. Mergers and acquisitions, on the other hand, help the firms acquire the capabilities they need in order to make products that appeal to changing customer preferences. The strategic responses to the external environment have been beneficial in terms of increased market share and higher profitability.

#### **5.4 Recommendations**

Pension administrator firms in Kenya should evaluate their performance regularly in order to determine the impact of the factors in the external environment. Considering the influence of external environmental factors on an organization, it is imperative that the pension firms understand the factors at play in their external environment, and regular performance evaluation will go a long way in helping them appraise these factors.

If the pension firms decide to respond to external environmental factors without understanding them well, they might end up losing enormous resources. In certain cases, the changes in the external environment may require the pension firms to reduce their operating costs. However, inappropriate evaluation of performance could make a firm conclude that the changes in the external environment require it to develop new products, and if it makes such a decision, it will not create value for the shareholders. Therefore, if pension administrator firms want to enhance their effectiveness in responding to changes in the external environment, they have to invest in elaborate performance evaluation systems that help them get the right information.



### **5.5 Limitations of the Study**

This study did not consider other variables that influence how organizations respond to factors in their external environment. Large organizations have more resources than smaller organizations do, and this means that the response to environmental factors may be different depending on whether an organization is large or small. For instance, if there is new legislation affecting an industry, a large organization can respond by lobbying government officials to have that legislation rescinded. The large organization has the resources and the influence to lobby for a change in legislation.

A small organization, on the other hand, will respond to the new legislation by divesting from the segment of its business that the new legislation affects. The small organization lacks the influence to lobby for legislative changes, and this is apparent in how it responds to new legislation. Understanding how organizational antecedents affect strategic responses to environmental factors will help provide important insights.

### **5.6 Suggestions for Further Research**

A study should be conducted to investigate how organizational factors influence the strategic responses of pension firms to external environmental factors. The study should group the firms according to some of their distinguishing characteristics such as total assets, market share and the organizational structure.

Once the firms have been grouped according to their characteristics, the research should look at how the firms in each group respond to the external environmental factors. If there are differences in how the firms in various groups respond to external environmental factors, then it will be clear that organizational factors shape the response

to external factors. Insights on how organizational factors influence strategic responses are helpful because they will enable pension firms to decide the best way to deal with changes in the external environment.

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# APPENDICES

## Appendix I: Introduction Letter



### UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

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

P.O. Box 30197  
Nairobi, Kenya

DATE 30/10/17

#### TO WHOM IT MAY CONCERN

The bearer of this letter GEOFFREY KIRWA TANUI

Registration No. D61/8449/2016

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**  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS



**Appendix II: Research Questionnaire**

Please fill in all questions with a tick in the box where appropriate.

**Section A: Bio Data**

1. What is your Age in years? Tick where appropriate  
 Less than 20    20-30    31-40    41-50    Over 50
  
2. What is your gender? Male  Female
  
3. What is your highest academic qualification?  
 Primary    Secondary    tertiary/college    University    Post-graduate studies
  
4. How long have you worked in this organization?  
 Less than a year    1-3 years    4-6 years    Above 6 years
  
5. Indicate your current position in the company. Tick where appropriate  
 Pension Administrator    Fund manager    Custodian    Actuary

**Section B: External Environment**

6. Indicate how the following statements describe your organization’s external environment. (1-strongly disagree, 2 - Disagree, 3 – neutral, 4 -Agree, 5 - strongly agree)

Micro Environment		Rating				
		1	2	3	4	5
Competition	My company’s industry environment is faced with stiff competition					
	Pricing is very challenging to my company					
	My company is faced with market place price competitiveness					
	My company is threatened by new market entrances					

	My company offers a limited number of products					
Suppliers	Suppliers to my company are effective, efficient and consistent					
	Our suppliers have good bargaining power					
Customer behavior	Our clients are satisfied with our services					
	Our clients are very demanding					
	My company has the ability to attract capable employees					

Macro Environment		Rating				
		1	2	3	4	5
Political	Political climate affects the organizational operating environment					
	Tax policies restrict our company's operations					
	Political stability enhances our performance					
Economic	Economic growth does not affect my company's operations					
	Inflation rates are detrimental to my company's operations					
	Interest rates disrupt my company's strategic implementation					
	Exchange rates do not affect our daily operations as a company					
Social	Client preferences are not a threat to our company					
	Changes in lifestyles affect my company's operations					
	Population growth has an effect on my company's operations					
	Age distribution is a factor in my company's					

	operations					
Technology	Pension department is highly automated in my company					
	There is high rate of technology change in my company					
Legal	Government regulations affect operations in my company					

7. To what extent has the following external environmental factors affected your organization. (1-Very great extent, 2 – Great Extend, 3 – Moderate extend, 4 –Less extend, 5 – No extend)

Environmental Factor	1	2	3	4	5
Competition (pricing, new entrances, new products, new markets)					
Suppliers (effectiveness, efficiency, bargaining power)					
Client considerations (satisfaction, growth, demands, preferences)					
Political factors (political climate, stability, taxes)					
Economic factors (growth, inflation rates, interest rates, exchange rates)					
Social factors (population growth, preferences, lifestyle)					
Government legislations					

### Section C: Strategic Responses

8. Rank the following strategic responses in order of preference to what Works for your organization. (1-strongly disagree, 2 - Disagree, 3 – neutral, 4 -Agree, 5 - strongly agree)

Strategic response	Rating				
	1	2	3	4	5
Retrenchment					
Mergers and acquisitions					

Low pricing					
Downsizing					
New product development					
New markets					
Other (Specify)					

**Section D: Organizational Performance.**

9. Using the scale below, indicate how the following statements describe the performance of your organization in relation to strategic responses to external environment in the past three years, 2014-2016 (1-strongly disagree, 2 - Disagree, 3 – neutral, 4 -Agree, 5 - strongly agree).

Strategic response	Rating				
	1	2	3	4	5
My company has experienced client growth					
My company’s market share has improved					
There have been market innovation strategies in my company					
My company’s profitability has been on the rise					
My company is highly competitive					
My company has developed new products					
Other (Specify)					

10. In your opinion, what is the impact of understanding the external environment on the performance of the pension administrator companies in Kenya?

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11. What is the impact of strategic responses on the performance of your company?

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12. Which other strategic responses can enhance your company’s sustainability, profitability and competitive advantage?

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13. Any comment?

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***\*Thank You for your participation\****

**Appendix III: List of Licensed Pension Administrator Companies in Kenya**  
**REGISTERED ADMINISTRATORS - 2017**

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1	Alexander Forbes Financial Services (EA) Limited
2	APA Life Assurance Limited
3	Britam Life Assurance Company Kenya Limited
4	Cannon Assurance Limited
5	Chancery Wright Insurance Brokers Limited
6	CIC Life Assurance Limited
7	Enwealth Financial Services Limited
8	ITSL Trust Company Limited
9	Kenindia Assurance Company Limited
10	Kenya Orient Life Assurance Limited
11	Kingsland Court Benefits Services Limited
12	Liaison Financial Services Limited
13	Madison Insurance Company Kenya Limited
14	Octagon Pension Services Limited
15	Pacific Insurance Brokers (EA) Limited
16	Pioneer Assurance Company Limited
17	Roberts Insurance Brokers Limited
18	Saham Assurance Company Kenya Limited
19	Sanlam Life Insurance Limited
20	Sapon Insurance Brokers Limited
21	Takaful Insurance of Africa Limited
22	The Jubilee Insurance Company of Kenya Limited
23	The Kenyan Alliance Insurance Company Limited
24	The Monarch Insurance Company Limited
25	UAP Life Assurance Limited
26	Aon Consulting Limited
27	CPF Financial Services Limited
28	Liberty Life Assurance Kenya Limited
29	Sedgwick Kenya Insurance Brokers Ltd
30	Zimele Asset Management Company Limited

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