

**STRATEGIC RESPONSES TO CHANGES IN THE EXTERNAL
ENVIRONMENT OF MOMBASA ISLAND CARGO TERMINAL
LIMITED**

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DECLARATION

This research project is my original work and has not been submitted for a degree or any other award in any other university.

Signature..... Date.....

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D61/85124/2016

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

Signature..... Date.....

PROF. EVANS AOSA

DEDICATION

This work is dedicated to my late mother Lorna Namwau Amiru who used to encourage and pray for me when I started my studies. I also dedicate it to Jacky Batten who has walked with me in this journey. I also dedicate it to my children Fortune Ng'ong'a and Favor Anyango for their understanding when I came home late and lastly I dedicate it to my sister and brother-in-law Mr. and Mrs. Kinyua who have been very supportive throughout my studies and in this research.

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ABBREVIATIONS AND ACRONYMS

KPA-	Kenya Ports Authority
CFS-	Container Freight Stations
KRA-	Kenya Revenue Authority
MICT-	Mombasa Island Cargo Terminal Limited
KCB-	Kenya Commercial Bank
NMG-	Nation Media Group

ABSTRACT

Organizations are dependent on their external environment for their survival and existence. Organizations affect or are affected by what happens in the external environment which is beyond the control of the organization. Changes in the external environment creates pressure for change in organization and this means they have to respond to changes for their survival. The CFS industry has been under a lot of pressure since the launch of the Standard Gauge Railway in October 2016. Additionally, the various government directives that have been issued on several occasions have troubled CFSs and the industry has to deal with perceptible changing regulations. The study sought to determine the strategic responses to changes in the external environment of Mombasa Island Cargo Terminal, Kenya. This research adopted a qualitative analysis on the strategic responses to environmental changes at MICT, Kenya. The respondents composed of the top management of MICT mainly the General Manager, Operations Manager, Finance Manager and Marketing Manager. An interview guide was used to gather primary data from the management of MICT. Data collected was then analyzed through content analysis and findings were presented in form of brief discussions on the changes in the external environment and the strategic responses used. It was clear that MICT faces challenges in the external environment that range from political, economic, legal and technological factors. It was deduced that MICT was pursuing some strategies to cope with the changing environment. This includes product differentiation, marketing, product diversification, downsizing and cost control. The study therefore concluded that challenges posed by the turbulent external environment have led MICT to come up with strategic plan in order to cope. The limitations encountered in the study include challenges of sharing detailed information, time constraint and scale of research. The study suggests further research to be carried out to determine strategic responses by other container freight stations companies in Kenya and determine factors that influence adoption of strategic responses by organizations to changes in the external environment.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic responses are resolutions made by an organization to enhance its survival and relevance to changes in its external environment. Pearce and Robinson (2005) state that strategic responses enable a firm to position itself and relate to the changes in the external environment for continued success. An organization will choose a strategy that will enable it respond to the threats and opportunities it is encountering in its external environment. A strategy entails a firm's game plan that will guide it on how to bridge the changes it is facing from the external environment with the firm's opportunities and resources through incorporating competitive moves to commend the best satisfaction and performance to its stakeholders. Ansoff and McDonell (1990) noted that strategic responses involve changes in the strategic behavior of a firm and that such changes may be in many forms that depend on the environment in which the firm operates and the capability of the organization.

The study is anchored on environmental dependency theory and institutional theory. Pfeffer (2003), states that environmental dependency theory is where an organization depends on its environment for survival. Environmental dependency theory holds that it is fundamental for organizations to acquire and pursue those strategies that will enable the organization to function with negligible disruptions on its operations. Nienhuser (2008) argues that organizations operate in an environment that will institute measures so as to minimize on the levels of uncertainty by increasing power on others or decreasing dependency. The institutional theory on the other hand emphasizes that the environment in any organization highly impacts the formal make-up growth more than the pressure in the market. Meyer et al (1981) establishes that organizations obtain and promote a structural form that is formal for the sake of legitimacy even though it does not increase its efficiency. Thus legitimization is perceived as key to sustaining organizations in a volatile environment.

The rate of similarity in institutional theory increases when the organization highly depends on a highly uncertain environment and when it relies highly on professionals. When organizations are operating under high coercive pressure, they are likely to adopt to new structures and when operating under low coercive pressure adoption rate is slower (Rowan et al, 1987).

Recently there has been a lot of interest in the container freight station industry in Kenya. This is explained by the launch of Mombasa - Nairobi Standard Gauge Railway. The launch of SGR did not consider the legal, economic, technological and political context and thus loss of revenue in the Coastal region economy. Generally with the increased use of SGR for freight transport, the container freight stations environment has experienced shifts. Mombasa Island Cargo Terminal Limited is a major player in the container freight station industry and it has to redesign its strategies to cope with the changes taking place in this sector.

1.1.1 Strategic Responses to the External Environment

Strategic responses are defined as those set of action and decisions that help an organizations to achieve their objectives through proper implementation and formalization of an organizations plan (Pearce & Robinson, 1997). As per Porter (1998), strategic responses that are operational are part of planning process that harmonizes the larger goals of the organization to those that are operational. Thus matters that concern operations of an organization are related with those strategies that are formulated towards utilization of the resources of an organization to the best support of an organization's long term competitive strategy.

Strategic responses necessitates that an organization changes its strategies so that they go hand in hand with their environment and also redesign their internal capacity so that they go hand in hand with the strategies that the organization selects(Grant 2000). If the strategy of an organization does not match its environment then there exists a strategic gap. The viability of strategic responses significantly varies from one country and or region to another.

The analysis of the external environment must be tailored specifically for the organization for which strategy is to be formulated. This is because there are no two organizations that face same external environment. The events, relationships and conditions that make the environment of any organization unique are not static. Environmental assessment must be continuous due to the dynamic nature of the external environment (Byars et al, 1990). The dominant idea is that an organization has to be responsive in regards to changes occurring in the external environment. This is because the environment in which an organization operates in dictates the responses the organization puts in place to guide it in making managerial decisions.

The environment also dictates the capabilities the organization should have in place to support chosen strategies. Organizations engage in implementing various strategies in order to remain in an extremely competitive and dynamic business environment. In order for organizations to overcome the challenges in their external environment, they need to come up with new strategies (Pearce & Robinson, 2005). Some of the strategies that organization institute include: diversification, differentiation, focus strategy, cost leadership and innovation strategy.

1.1.2 Organization and the External Environment

The external environment includes various external factors that influence the way an organization's goals are to be achieved. Business operational factors influence its structures and procedures, its directions and eventually actions (Pearce & Robinson, 2007). They divide the factors in the external environment into three interrelated categories: industry, remote, and operating environmental factors. External factors include economic, cultural, technological, demographic and legal and political factors (Erica 2011).

Organizations are environment serving and environmental dependent (Ansoff & McDonell, 1990). The interaction between the external environment and the organization is a two way interaction. The environment affects the organizations and this is followed by responses from the organization. Thus the impact of external environment cannot be fully understood without fully understanding and evaluating the organization response.

It is paramount for organizations to continuously acquire knowledge, adjust and re-orient themselves to the changes taking place in their environment (Lee & Jay,2015).As the external environment of an organization keep changing, the organization needs to adapt to internal configuration and activities in order to review what is taking place in its external environment. This is because the external environment brings both threats and opportunities to an organization. Organizations require predictability mechanisms to guard them against unanticipated threats and overlooked opportunities to overcome business dynamism.

Organizations operate in dynamic environment which consists of various elements that the organization must respond to. Hatch (2007) states that the one of the three most common ways of putting in place elements of an organizational environment are: the inter-organizational network which is represented by a web of complex relationships that consist of suppliers, clients, competitors, special interest groups and government regulatory bodies. The special interest groups are groups, organizations or people who try to influence functions of an organization via social, political or economic pressure, the general or global environment. The government regulatory bodies represent a central point because they have legal control over activities that are associated with nomination and tax authorities.

1.1.3 Container Freight Stations in Kenya

In accordance with online Business dictionary a CFS is defined as a port facility for loading and off loading vehicles, containerized cargo, and other imports to and from ships and or vessels. For licensing purposes, the Kenya Revenue Authority (KRA) as stipulated in its Customs and Excise Tax Act CAP 472, it refers to them as ‘Transit Sheds.’ CFS is defined as a dry port facility that helps to decongest the port by shifting customs related activities and cargo outside the main port locality. Capacity constraint has been a major hurdle in port operations as cargo imports especially motor vehicles, loose Cargo and containers have always surpassed yard holding capacity against a backdrop of poor cargo off-take to the hinterland. This situation had led to cargo congestion which Kenya Ports Authority (KPA) attributed to lack of space among other reasons, a situation that was not acceptable since the port is a critical nerve center for commerce in the East African region; as it serves not only Kenya but also her landlocked neighbors.

Since CFSs are considered as an extension of the KPA, in so far as they help in cargo handling and clearance, there are modalities on how they obtain the cargo from the port. There are mechanisms put in place by cargo ship and or vessel nomination system by KPA, which helps in assigning cargo from various ships to the various CFSs on rotation basis. This is controlled by KPA based on a review of CFS capacity to handle. This presents challenges in operations of container freight stations. Due to increased growth volume of international trade and the need to maintain Mombasa port as viable destination for sea bound cargo, there is need to address logistical challenges so as to increase capacity of the CFSs to be able to play their role as gate valve to the realization of faster vessel turnaround time in terms of loading and discharging cargo (PricewaterhouseCoopers, 2018).

1.1.4 Mombasa Island Cargo Terminal Limited

Mombasa Island Cargo Terminal Limited (MICT) is a wholly owned Kenyan Company with her head office on Cargo Plaza, Shimanzi Mombasa. Incorporated in the year 2012, MICT continues to distinguish herself as the market leader in the provision of freight and logistics services. MICT has invested in state of the art equipment so as to be able to handle all forms of containerized and non-containerized cargo for both imports and exports. The main areas of specialization include handling of; Full Container Load 20 and 40 feet containers, Less than Container Load, dangerous cargo, reefer containers, Roll on/Roll off ships and general equipment.

Mombasa Island Cargo Terminal Limited seeks to deliver excellent service in the region and focus all their activities towards delivery of excellence in their operations in every area of the company and meet and exceed their commitments to their clients. The vision of MICT is to be the best CFS in the region. MICT combines its financial strength, well trained motivated experienced pool of staff and integrity that has earned it the pre-eminent position in the container freight station industry.

1.2 Research Problem

Organizations are dependent on their external environment for their survival and existence thus they are forced to scan their environment so as to understand the shifts that could have an effect on the business in order to adjust so the environment (Thompson & Strickland, 1993). The external environmental changes that

organizations are likely to experience include competition, regulatory changes, changes in technology and globalization and organization are expected to respond to these changes by adopting appropriate strategies.

The CFS industry has been under a lot of pressure since the launch of the Standard Gauge Railway in October 2016. In addition, the various government directives that have been issued on several occasions have troubled CFSs and the industry has to deal with perceptible changing regulations. Thus, the changing structure condition confronts the CFSs with increasing challenges in their strategy and need a conceptual strength of strategy. Successful container freight stations have to find answers to the strategic issues currently facing them to make their businesses fit for the future and differentiate them from their competitors.

Several studies indicate strategic responses by organizations to the changes in their external environment. Vikhanskly et al (2012) carried out research on the business responses to environmental challenges in Russian industrial companies using descriptive method. Their conclusion was that there should be government policies implications for emerging economies to create new incentives for businesses. Nicholas & Phyllis (2002) carried out a study on strategic responses by Commercial Bank of Africa to changes in the regional business operating environment using case study in the East Africa Region. The conclusion was that Commercial Bank of Africa was responding to the regional changes in the operating business environment through positioning itself as East African Community member. The study focused on only one regional bank and not the entire banking industry. Peter (2011) study was on strategic responses by CFSs to challenges in the business environment in Kenya by use of survey research design. The study focused on both internal and external challenges and concluded that a combination of strategies must be employed by CFSs to conquer the business challenges.

Organizations are dependent on their environment but with the changing structure in the environment, they have to strengthen their strategies in order to survive. Several studies on strategic responses carried out previously were not specific on Mombasa Island Cargo Terminal. This study therefore wants to answer the question what are the

strategic responses to changes in the external environment of CFSs. The study will focus on a case study of Mombasa Island Cargo Terminal Limited.

1.3 Research Objective

The study has the following objective:

- i. To determine the strategic responses to changes in the external environment of Mombasa Island Cargo Terminal, Kenya.

1.4 Value of the Study

The study is of great importance to various stakeholders. First to the management of the company, the study will add insight to the strategic responses that will help the company to deal with challenges in their external environment in the CFSs industry. The organization can therefore copy such responses and fine tune them to fit to their conditions and deal with the various challenges facing them. The study will add value to policy makers for it focuses on the importance of crafting favorable policies that will help protect the operations of container freight stations. The policy makers need to consider the CFS sector and actually take it seriously to foster even more economic growth in the import and export industry.

The study will also add value to the academic community through added knowledge, which can fill existing knowledge gaps as relating to strategic responses by organizations in particular CFS. The study will fill a gap in knowledge that will give researchers, students and lecturers who will be able to refer to the document while conducting other related studies. The study will also add value to the environmental and institutional theory by filling theoretical gap through expanded knowledge in the application of the theories especially in the CFS industry. These theories can be further expanded to accommodate emerging external environmental changes and strategic responses of organizations more so container freight stations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter looks at the theoretical debate and the works that have been done by other scholars on strategic responses by organizations to changes in their external environment. The areas that are going to be covered are theoretical foundation, theories under study and strategic responses used previously by organizations to changes in their external environment.

2.2 Theoretical Foundation

Two theories form the theoretical background of this study; the environmental dependency theory and institutional theory. The two theories best explain the various strategic responses used by firms to respond to the changes in their external environment in the midst of turbulent environment. These theories relate the organization to derivation of competitive advantage and the dynamics in the environment.

2.2.1 Environmental Dependency Theory

Organizations are environmental dependent and serving such that they are not in a position to control their behavior as they are influenced by external forces (Ansoff & McDonnell, 1990). Organizations are open systems and thus they are ecological institutions that are in mutual relationship with other institutions in their external environment. Therefore they obtain inputs from their environment and give outputs to the market. The various environmental forces that surround an organization have possible effects on how an organization operates (Davis & Powell, 1992). An organization operates in a turbulent environment that keeps changing such that clinging to outdated strategies becomes irrelevant to an organization.

When the external environment is volatile and complex, it makes it less predictable and leads to influencing the organization and its management. A dynamic environmental context is highly unpredictable and unstable in terms of the rate of change and high levels of uncertainty in regards to the state of the context, the mean – end relationship and the outcome of actions (Baum & Wally, 2003).

When an environment is dynamic it leads to increased competition that requires the managers to put more effort leading to strategic reorientation of the firm. These contexts can lead to decreased performance if the business is slow or unable to make a response to the changes in the environment (Baum & Wally, 2003). The competitive environment of a firm is the external environment. The external environment has greater effects on the firm's customer profiles, the labor market, the supplier profiles, the competitive situation and positioning among others (Thompson et al., 2008).

The theory can be used to explain how CFSs are environmental dependent and how they get their inputs from the environment such as capital for financing the business which is obtained from the financial institutions and human resource which includes experts in the various departments. All these go through processes to get output which goes back to the environment and feedback is given back to the organizations on where to make improvements. Thus an organization cannot be viewed in isolation because it depends on the environment for its survival.

2.2.2 Institutional Theory

According to institutional theorists the survival of an organization is explained by its legitimacy. Meyer et al (1981) argues that for a school to succeed everyone has to agree that it is a school and the vice-versa is true. The theory of institution helps in understanding the pressure exerted on institutions to become similar, leading to a decrease in the diversity of institutions. In order to foster the legitimacy of the organizations, they seek to conform to easily acceptable and recognizable standards within the expanse of the organization. Institutional theory depicts how accidental and deliberate choices influence institutions to mirror the values, ideologies and norms of the expanse of the organization.

Organizations that become acquainted with the expected characteristics of the environment and establish to be worthy of the resources by broader environment and the society receive legitimacy (Thompson, 2005). The environment perceives these characteristics as less suitable to receive resources and divergent when an institution goes beyond these expectations. The institutional theory restricts the choice of institutions within an environment to participate in acknowledged strategic activities and influence institutions towards conformity.

Institutional theory draws attention to the normative influence of the environment on activities of the organization. The institutional environment in which CFSs exist, external shareholders decide partly the supposition for organizational practices and behaviors. Thus, institutional theory argues that the limits and options in the organization's environment determine the available choices for institutions. The range of strategic decisions for institutions is determined by the external pressures for conformity.

CFSs work in an organizational sector where a diversity of external factors suggests how they should carry out their operations. For example KPA tries to govern the undertakings of container freight stations through nomination. These undertakings by KPA are viewed as legitimate acts within the industry as long as they operate within the accepted industry notions and guidelines. Legitimacy is then rewarded by the environment through more nominations of the CFSs and funding by the financial institutions. Thus, the environment in return provides both negative and positive feedback shaping the behavior of institutions.

2.4 Strategic Responses

Strategic responses involve changes to the behavior of the organization (Ansoff & McDonnell, 1990). Byars (1991) differentiated strategic responses from operational responses as follows; strategic responses are concerned with several areas of business operation that requires for example the decisions made by top management, operating capital in large amounts, are targeting the future of the organization and in the long term affect the prosperity of the business and depend on the environment whereas operational responses are concerned with efficient operations of a business. Considering the increase of complexity in the external environment, organizations need to develop strategic responses (Johnson et al, 2005). Ansoff & McDonnell (1990), state that the type of management system that an organization adopts determines components of responsiveness to changes. The management system adopted by an organization determines the way in which it perceives the environment and what it believes its impact on the organization will be.

Strategic responses are meant to cushion an organization from threats resulting from changes in the environment. There are no standard responses or sequences of responses an organization may adopt to respond to the environment because every response will depend on the type of environmental change and an organization may adopt more than one kind of response to its environmental challenge. A well developed and targeted response is an organization's formidable weapon for acquiring and sustaining a competitive edge in a changing environment. These responses may include a financial response, marketing response, human resource management response, and research and development response and improved information and communication technology (Wheelen & Hunger, 2008).

According to Mitchell et al., (2011), for an effective and efficient organizational outcome, an organization requires effective strategic decision making processes. These processes are influenced by the organizational context in which they have embedded the nature of the environment and the manager's prior knowledge and experiences, (Kaplan, 2008). Effective strategic responses require an understanding of the possible effects of competitive change upon people and how to respond to potential sources of resistance to that change and incorporate those changes to the organizational behavior. The changes may include a number of forms based on the environment where it operates and the capability of the organization (Ruby et al, 2004).The strategic responses to the external environment can be classified according to the strategic orientation of an organization to its environment which is of great importance for success. Organizations have adopted generic and grand strategies to counter macro-environment challenge.

2.5 Types of Strategic Responses

There are many strategic responses that firms have embraced to respond to changes that are taking place in their external environment. Among them but not limited to, they include firstly diversification strategy. Diversification strategy involves developing new services and products and for new business markets. This could be through extensions of the firm's existing resources and capabilities or through mergers and acquisitions (Smith, 2003).

Diversification works well when there are good opportunities that are available outside the organizations' current business environment. A good chance is the one, which is most appealing within the industry, and an organization has a good mixture of business strengths to succeed (Kotler, 2000). Diversification could occur at either corporate or business unit level. At the corporate level unit, it is entering assured business outside the scope of the current business unit and at the business unit level it is expanding to new branch of industry where a business currently is already operational (Ansoff, 1998). Corporate level responses are the first level of strategy at the top of the organization that is concerned with the overall scope and purpose of the organization to meet the stakeholders' expectations (Johnson & Scholes 2005).

Differentiation is another strategy where an organization's focal point is to provide unique services and products. Since the services and products are unique, this strategy leads to high number of customer loyalty. Pearce & Robinson, (2007) state that a strategy that depends on differentiation is developed in order to gain customers with special interests for products that have special attribute. Differentiation of products satisfies the needs of customers and involves making the service or product for the customer uniquely and this enables organizations to win market share. According to Kinyanjui (2012), differentiation focuses at marketing and developing of unique goods for different customer segments. A company that uses this strategy focuses all its effort on provision of unique service or product and because of the uniqueness the customer loyalty is high (Porter, 1980). Kinyanjui (2012) states that differentiation strategy focuses on building up competitive advantage through offering products which are unique and are characterized by valuable attributes like customer service quality and innovation. The basis of differentiation can be on delivery system or the product itself. Gachambi (2007) argues that service or product differentiation might be on services to customers, product brand, depiction, product attribute, technological changes and distribution network. This allows a firm to receive returns which are above average through safeguarding it against forces which are competitive like threats of new entrants, product substitute and rivalry within the industry caused by the loyalty of its customers.

Focus strategy is another strategy that an organization can adopt. It's an ordinary type of strategy that uses low cost strategy method of differentiation. It does this entirely in a focused or narrow market niche preferably than doing it beyond the broader market. The narrow focus is described by target customer type, product type attributes or a combination of both (Pearce & Robinson 2007). On the other hand the business focus type concentrates on one or more market segments that are narrow. Intimately, the firm obtains information on these market segments and applies either differentiation or cost leadership in their target market (Kotler, 2007). This enables the firm to capitalize on the gaps in the market through innovative products development that clients cannot function without.

Organizations might also adopt cost leadership strategy where they concentrate on diverse functional areas. Cost leadership strategy requires robust pursuit of cost reduction from expenses, aggressive construction of scalable and effective facilities, tight overhead and cost control, and minimization of cost in areas like service sales, advertising and research and development and avoidance of minor customer accounts (Noor, 2012). Low cost position enables a firm to have defense against rivalry since it is in a position to earn above average returns (Porter, 1980). Cost leadership strategy safeguards against new entrants and substitutes because of the good position. It also protects against suppliers who are powerful through having pliability to manage with increase in input cost and cope against buyers who are powerful because of higher margins after reduction in the prices. The strategy helps firms to set up long term competitive advantage through value chain perfection and emphasis on attaining low costs on activities as compared to what the competitors are offering.

Human resource management strategy involves the process of hiring both qualified and skilled personnel so as to make sure that the investment made in human resource will remain an organization's biggest strengths. The human resource management department has always had great influence on strategic decisions of firms because human resources play a major role in achieving a firm's goals and objectives while at the same time creating a strong competitive edge in an industry.

Organizations need to have proper structured performance management appraisal system for staff evaluation. Appraisals provide a framework that is used for making decisions, compensation and layoffs decisions. The performance appraisal can support or refute claims in instances where an organization becomes an unfortunate party to a lawsuit. Thus effective use of performance appraisals in the end helps organizations to operate efficiently with focus.

Finally there is innovation strategy which centers on knowledge generation and extensive insights of a firm's human spirit producing a channel of recommendations that will be picked, proceeded by use of controlled processes, procedures and tools and evaluated (Tucker, 2009). This strategy makes firms to have favorable competitive advantage globally since it leads to improved performance in business of firms that put priority on them. Ingwe (2012), states that innovation is a reaction of future opportunities to environmental turmoil. Ingwe (2012) further states that research and development departments have the responsibility of initiating new mechanisms of conducting business by discovering new innovations. Besides generating new knowledge, the research and development department enhances and disseminates competition in the business environment that keeps on changing (Afuah, 2003). The more markets become open, the more changes are experienced in the business environment. In order to have key business processes, organizations need to focus on cutting costs by reducing resources. Majority of organizations are reengineering their business processes and they have gained significant milestone in their efficiency. Excellence in processes is what is going to distinguish successful organizations from failed organizations.

2.6 External Business Environment

The external environment includes various factors that determine the way an organization's goals are to be attained. Pearce & Robinson (2007) observed that the business operational factors influence its structures and procedures, its directions and eventually actions. Business external environment is dynamic and complex with great impacts on the organization (Eruemegbe, 2015). The factors in the industry environment consist of extent of rivalry between existing firms, factors in the external environment consists of a firm's influence and or control and factors in the remote environment comprise of factors beyond a firm's operating situation.

The external factors include political and legal, economic, technological, cultural and demographic factors (Erica 2011). The external environment of an organization keeps changing and it is important that the organization adapts its internal configuration and activities so as to reflect what is taking place in its external environment.

The concentration by organizations on the external environment allows organizations to be able to determine SWOT analysis, anticipation and measure responsiveness. The detection by container freight stations companies of opportunities and threats and aligning them to the external environment is important as it acts as a connection between its dynamics. External environment often affects the performance of an organization in terms of weaknesses, strengths, threats and opportunities. These factors affect the daily activities of an organization and in the long run the performance of an organization. The performance of an organization is thus a great determinant of social, political and economic progress of any country (Gavrea et al, 2011).

2.7 Relationship of Strategic Responses to External Environment

Strategic responses do not necessarily mean that organizations will counter the changes in the external environment. Emerging changes in the external environment result in new strategic responses by the organization. Effective strategic responses require an understanding of the possible effects of changes in the external environment and how to respond to sources of resistance to those changes to the organizational behavior (Ruby et al., 2004). There must be a strategic fit between the external environment and what an organization wants to offer as well as between what the firm needs and what the external environment can provide (Wheelen & Hunger, 1989). It is just imperative to quickly adjust and formulate strategies so as not to be overtaken by events.

The changes in the external environment may include a number of forms based on the environment where it operates and the capability of the organization. The strategic responses to the external environment can be classified according to the strategic orientation of an organization to its environment that is of great importance for success. Organizations have adopted generic and grand strategies to counter changes in the external environment.

2.8 Summary of Empirical Studies and Research Gaps

Ndolloh (2016) carried a study on response strategies of Cooperate Insurance Company (CIC) group limited to changes in external environment. The research design that he used was a case study of CIC and in the research, interview guide was used to gather data. The findings were that mainly environmental changes were political, legal and socio-cultural and the responses were focus market, diversification, product development, cost leadership and product development strategy. The study recommended for further research to be done on strategies for better competitive position. Kimani (2010) carried out study on strategic responses of Nation Media Group (NMG) in Kenya to its environmental changes. The research design was a case study of NMG and data collections was through face to face interview. The findings of the research were that environmental challenges were digital growth because readers and viewers shifted to internet source and this affected the profitability and survival of the company. NMG responded to the challenges through forming strategic alliances and investing in heavy technology.

Ogogo (2017) studied response strategies by Tullow Oil Company to changes in external environment. The study used a case study of Tullow Oil Company and data collection was through face to face interviews. The findings of the research were that language barriers, high levels in illiteracy of the Turkana communities, resistance from the communities, political stability, poor infrastructure, delays and cancellation of projects by communities have an impact on the operations of Tullow oil in Kenya. Tullow responded to the challenges through innovation and adoption of modern technologies, created partnerships and collaborations, diversification, sustainability by managing and mitigating risks and incorporating social responsibility. Khalif (2015) carried out a study on strategic responses to the environmental changes in pharmaceutical industry in Nairobi. The study was carried out through a cross-sectional survey of thirty one pharmaceutical companies. The data was collected through questionnaire and it found out that a great number of the respondents use cost leadership and differentiation. The study recommended that there should be regulatory authority enforcement for doctors prescribing general names.

Despite the fact that there are many studies on how various firms respond strategically to changes in their external environment, none of the studies has drawn emphasis on

strategic responses adopted by Mombasa Island Cargo Terminal limited in Kenya to changes in their external environment. The results from the other studies cannot be applied to other companies due to differences in context hence this creates a knowledge gap amongst Container Freight Stations in Kenya on the strategic responses to the changes in their external environment.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights several procedures which were used in conducting the research methodology and the techniques used in obtaining the research data of MICT in Kenya. The chapter discusses the research design, the population of study, and method of data collection and data analysis that was used. It also discusses the procedures and techniques that were used to address the research problem and question and how the study was planned.

3.2 Research Design

Research design is a plan outlining how information is to be gathered for an evaluation or assessment that includes identifying the methods of gathering data, the instruments to be used in gathering the data, the mode of administering the instrument and how the data collected will be analyzed and organized (Kisilu, et al,2006). Research design is where the background, current conditions, development and interactions in the environment of one or more people, groups, businesses, institutions and communities is observed, recorded and analyzed for stages of patterns in relation to external and internal influences.

The study employs case study research design which is a case study of MICT located within Mombasa. Yin (2004), states that a case study is a verifiable investigation that probes modern occurrence within an actual life situation. When the intention of a researcher is to generate detailed information about the subject matter then the use of case studies is highly advocated. A case study involves absolute and meticulous observation of societal unit and thus regarded as a powerful tool of qualitative evaluation. A case study is justifiable in a study when the intentions of the researcher are to generate detailed information regarding the study. In this research, a case study is important because the intension of the research is to generate a great insight on how MICT responds strategically to their operating environmental changes. The in-depth analysis of changes in the external operating environment that affects MICT gives suggestions that can be used by other CFSS when faced with environmental changes and most importantly the strategies that can be employed to address the challenges.

3.3 Data Collection

The main tool of data collection was primary data collection. This was received through personal interviews. The researcher used an interview guide to help carry out the

research and also ensure important data is not forgotten when carrying out the study. The researcher used open-ended questions to enable the respondents to explain how they understood the various occurrences. The target respondents for the study were the yard operations manager, marketing manager, general manager and the finance manager. Appointments were made prior to the date of interview to enable the respondents have ample time of interaction with the respondent. Interviews are good since they produce data which deals with topics in detail and depth (Descombe, 2003). Interviews enables issues to be pursued, lines of investigation followed over relatively lengthy period and subjects to be probed.

Interviews, compared especially to questionnaires usually yield a high percentage of returns. The interview method can be made to yield an almost perfect sample of the general population because practically everyone can be reached by and can respond to this approach. It will be remembered that the questionnaire approach is severely limited by the fact that only the literate persons can be covered by it. The information secured through interviews is likely to be more correct compared to that secured through other techniques. The interviewer who is present on the spot can clear up the seemingly inaccurate or irrelevant answers by explaining the questions to the informant. If the informant deliberately falsifies replies, the interviewer is able to effectively check them and use special devices to verify the replies. The interviewer can collect supplementary information about the informant's personal characteristics and environment which is often of great value in interpreting results. Interview is a much more flexible approach, allowing for posing of new questions or check-questions if such a need arises. Its flexibility makes the interview a superior technique for the exploration of areas where there is little basis for knowing what questions to ask and how to formulate them.

3.4 Data Analysis

The researcher used qualitative analysis. The data was examined and corrected for consistency and completeness. A content analysis was then carried out so to allow for a deep understanding of the various issues in the study. Nachmias & Nachmias (1996) defines content analysis as procedure for making deductions by establishing

characteristics of messages and using the same to connect to events in a systematic and objective manner.

Content analysis helps in obtaining clear and concise understanding of answers from respondents. By carrying out content analysis it gives a clear understanding of respondents' answers. Content analysis entails a research analysis technique that makes viable and replicable deduction by translating and coding textual material. Through systematically evaluating texts, qualitative data can be easily converted to quantitative data.

Content analysis is possible whenever there is a physical record of communication. This record of communication can be created independently of the research process and internally by the researcher themselves in view of the analysis that needs to be conducted. The population of available communications greatly influences the nature of the questions that can be answered through content analysis, as well as the reliability and validity of the final research results. The most basic quantitative content analysis consists of a frequency count of words, although the assumption that the most frequently mentioned words reflect the greatest concerns does not always hold true.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The chapter presents the data collected in line with the research methodology and the objectives of the study. The data discloses beneficial insights that provide answers to the research questions. Through the analysis of the data the outcome offers a good basis

for drawing logical conclusions about the study. The data was collected by use of interview guide and analyzed by use of content analysis. The study focused on ascertaining the strategic responses to changes in the external environment of Mombasa Island Cargo Terminal Limited, Kenya. The targeted respondents for the study were the General Manager, Operations Manager, Marketing Manager and the Finance Manager. The response rate was satisfactory after the researcher made frantic efforts to secure interviews with the respondents through phone calls and email reminders which eventually bore fruits.

4.2 Profile of the Respondents

In this section the study sought to find out how long the respondents have worked at MICT. All the four respondents were male between the ages of 35 – 50 years and two of the respondents have worked for MICT since inception in the year 2012, one has been there for four years and the other one three months.

4.3 Strategic Responses to Changes in the External Environment

The study sought to determine the strategic responses to changes in the external environment of Mombasa Island Cargo Terminal, Kenya.

4.3.1 Changes in the Political Environment

The study proceeded to determine the changes in the political environment that have affected MICT. The interviewees indicated that the organization was apolitical meaning that it does not lean on any side of the political divide. However they sighted that the current regime wants to leave a legacy in fulfilling all of its agendas as stated in the government's Third Medium Term Plan 2018-2022 .Therefore it wants the Standard Gauge Railway to be a success.

According to the interviewees the government has forced that all imports coming through Mombasa port to use the SGR thus denying importers a choice of transport that is suitable for their needs. The interviewees revealed that politics are revolving around SGR so that the government gets money to repay the loan given to build it. From the responses of the interviewees they indicated that this is causing container freight stations to miss out on cargo which they used to handle previously. The interviewees concurred that there is also a lot of biasness when it comes to nomination of cargos such that some container freight stations are given more containers than others. The

interviewees felt that some of their competitors survive by bribing government officials and thus the success of these companies is not based on the value they offer to their customers but on the kickbacks they offer for their survival.

4.3.2 Changes in the Economic Environment

The interviewees were requested to indicate the changes that have taken place in the economic environment that have affected the operations of MICT. The interviewees indicated that the direct interference by government in the supply chain operations has had a detrimental impact on the importation process and as a result import cargo volumes have declined whilst overall costs have increased. They indicated that KPA wants to collect a lot of revenue through storage charges and shore handling and thus KPA feels like port clearance will make them achieve this by curtailing the number of cargo nominated to container freight stations. The interviewees indicated that due to lack of cargo through KPA nominations the economy is affected because the container freight stations are being deprived off income. This in return has affected the economic environment since there are high unemployment levels and thus lack of money in the economy to customers to continue importing and thus affecting the general public in totality through lack of jobs, high interest rates and lack of foreign investors.

4.3.3 Legal Changes that have impacted MICT

The interviewees were asked to indicate the legal changes that have taken place in the external environment of MICT that have impacted on the operations of the organization. They indicated that the government has come up with policies that are having a toll on the operations of container freight stations. The interviewees are of the opinion that the government's action has no legal basis.

However, as a legal policy it has proved detrimental to the survival of MICT and the CFS industry as a whole. The introduction of government policies at the port for example; in the past pre-inspection of cargo was done at the container freight stations and thus the CFSs used to get income through storage but recently the government introduced policies that pre-inspection of cargo to be done at the port of loading leading to loss of income by CFSs. The other government policy is that cargo will be cleared at the port of Mombasa while upcountry cargo railed by SGR.

4.3.4 Technological Changes

The interviewees were asked to indicate the technological changes that have taken place in the external environment of MICT in the recent years. They intimated that KRA has continuously trained their staff to keep them abreast with the changes in technology in regards to the various custom clearance and handling systems so to create efficiency. According to the respondents the technology in handling cargo has moved from Simba platform to Integrated Customs Management System to speed up the clearance process. The integrated system has eased the documentations process like manifest. KRA has also invested in its power supply to deal with power fluctuations, invested in integration of their software with the container freight stations systems to increase efficiency and faster turnaround in terms of cargo clearance. The advancements in technology have mainly featured on the improvement on the quality of handling equipment which can perform faster operations in shorter time. The interviewees also pointed out that ICT development have given customers more visibility on the status of their goods.

The interviewees unanimously agreed that the government has moved from meter gauge railway to standard gauge railway which has also affected the operations of MICT. SGR is designed in such a way that it enhances transport operation in the country and beyond in a bid to boost development and economic growth. The interviewees also intimated that the government has introduced additional cranes to discharge cargo from ships once they embark on the port. This has led to the turnaround to be very short and thus causing container freight stations to loose on the storage income previously earned.

4.3.5 Specific Areas adversely affected by these changes

The interviewees were asked to indicate the specific areas that have been affected by the changes in the external environment. They pointed out that there has been a significant decrease of income since the government has reduced the number of the nominations to the container freight stations. The interviewees also pointed out that organization embarked on reducing the number of staff and the staffs that were retained were forced to take a reduction in salary up to 15 %.

Due to the decrease in income the company has reduced the number of their staff through declaring them redundant. This has in turn affected most families due to the fact that those employees used to help their families and thus long term effect. The

interviewees also noted that the traffic flow in the area of their operation has really improved. This is because due to lack of transport of cargo there are few transportation trucks on the road.

4.3.6 The extent to which the changes have impacted MICT

The interviewees were asked to indicate the extent to which the changes in the political, economic, legal and technological changes have impacted on the organization. The interviewees posited that these changes have caused MICT to lose 90% of its container volume which has resulted in staff redundancies and other cost cutting measures to enable the organization survive and adapt to these changes. The interviewees also indicated that lack of political goodwill to have favorable political policies to consider container freight stations have affected the operations of the organization, an example being government's directives that all cargo should be cleared through the port. The interviewees opined that the changes in the economic environment have led to reduced costs of operations for the organizations for example reduction of salaries by 15%, sourcing for cheaper suppliers of office supplies which sometimes do not guarantee quality.

4.3.7 Level at which strategies of the organization are made

The interviewees were asked to indicate at which level in the organization are strategies made. They indicated that strategies are made at the senior management and board levels.

4.3.8 How MICT reacts to these changes

The interviewees were asked to indicate how the organization reacts to the political, economic, legal and technological changes. They indicated that in terms of political changes the organization has been trying to engage the government with other stakeholders to relax the stringent rules for nominations so that they can allow container freight stations to continue operations.

In terms of economic changes the interviewees indicated that the company has introduced cost cutting measures for example reduction of salaries by 15%, employing of cheaper service providers as opposed to the expensive ones such as security guards and cleaners. The company has also negotiated with transporters to reduce their

transport rates from the port to the yard and the transporters have accepted to reduce the rates. The interviewees indicated that for the legal changes the organization has been engaging government policy makers and their lawyers through association of container freight station on some of the legal policies curtailing on the operations of the container freight stations. The talks are still on-going and the government policy makers have been giving positive feedback.

The interviewees indicated that for the technological changes the organization has been sending their staff for trainings organized by KRA to keep them abreast with the several changes in the custom clearance technology. All this efforts by the management is towards redefining the business objectives and look for other opportunities within the industry.

4.3.9 Strategic Responses used

The interviewees were asked to describe some of the strategic responses that are used by the company. The interviewees indicated that the management has been engaging in diversification of business to handling of other cargos to avoid reliance on the containerized cargo business. They pointed out that the company has increased the number of units and packages from containers that are not going with SGR. The numbers of units include vehicles, earth moving machines and project cargo. This kind of cargo cannot be transported via SGR and also clearing them from the port might lead the importer to incur heavy storage charges due to delays.

The interviewees further stated that there has been hiring of marketing staff to increase the number of self nominations as opposed to relying on KPA nominations. Cargos such as vehicles, earth moving machines and project cargo do not require nominations by KPA but majorly self nominations. The importer chooses a CFS of their choice to assist them in smooth deliver of their products.

The interviewees also pointed out that the organization has tasked its marketing staff to engage in aggressive marketing of cargo in transit. Cargo in transit is a cargo that is moved from an origin point across international borders to another country over land. The countries majorly include Uganda, South Sudan, Eritrea, Djibouti and Ethiopia. The interviewees also stated that another strategy adopted by MICT was the opening of another branch in Nairobi called Nairobi Inland Cargo Terminal in early June 2019.

The new branch is meant to cater for cargos that are cleared from Nairobi Inland terminal. This has ensured that the organization retains its income levels from storage and demurrage.

4.3.10 Whether MICT responds to the Changes

The interviewees were requested to give their opinions on whether MICT responds to changes reactively or proactively. The interviewees were of the opinion that the management of the company responds both reactively and proactively since government direction have not been clear. It has been difficult to have any long term plans in place due to the uncertain nature of the policies and actions. This is because managers are supposed to scan the external environment and identify the changes taking place and institute proper measures to counter the threats and weaknesses. Examples being that upon realizing that KPA was denying container freight stations cargo the company embarked on hiring staff for marketing to engage in marketing for self nominations. The management of the company has also continuously engaged government agencies in talks to relax the stringent measures against container freight stations amongst other proactive measures.

4.3.11 Resource Allocation Consideration

The interviewees were asked to indicate whether the organization considers resource requirement when implementing a strategy. The interviewees were in agreement the organization considers resource requirement when implementing strategies at the Mombasa Island Cargo Terminal. This is because enough resources and time are needed when implementing a strategy. Mostly true costs are not identified or underestimated. True cost varies from a clear identification of expenses associated with a strategy, realistic time commitment from staff to achieve a goal or unexpected cost overrun by the organization. Employees additionally must have enough time to implement what may be additional activity that they are not performing currently.

The interviewees also averred that resource requirement should be considered since a change in strategic direction causes ripple effects of change throughout the organization. An entire organization may have to be reorganized to implement a

strategy. They may reassign new responsibilities they have been given and as a result not put forth maximum effort that is required for the new strategies to succeed. Part of top management is to convince employees that the changes taking place in the organization will benefit all of them in the long run. When the management communicates the reasons behind change of strategy then resistance maybe managed and employees are likely to support the decisions that are made.

4.3.12 Impact of Strategic Responses on the performance

The interviewees were asked to indicate whether the strategic responses have impacted on the performance of the company. The interviewees were all in agreement that the strategic responses have led to improved performance since they have been able to sustain the operations of the organization through the turbulent season.

4.3.13 Likely influence by Competitors

The interviewees were asked to indicate the likely influence of competitors when deriving strategic responses. The interviewees were of the opinion that they add value to the investigated methods by increasing the value of service provided to the customers.

Competitors enable the organization to predict market share that will be gained in cargo clearance and storage and they aid in continuous organization differentiation as technically competent suppliers. The interviewees were of the opinion that MICT has always taken the lead by reducing of storage rates which has resulted in the company having a big clientele. The reactions have always been seen in the launch of more innovative services.

The interviewees indicated that the strategies arrogated to respond to changes in the external environment have led to increase in self nominations and improved flow of income. The interviewees were asked how often the management reviews the effectiveness of the strategic responses. They affirmed the existence of a management committee and board committee that review the strategic responses on monthly basis and quarterly basis respectively through which the progress is reviewed. The cycle of the business review enhances the organizations speed and capability to put in mitigating strategies as well as reviewing the effectiveness of the strategic responses employed.

This way, the organization is in a position to address any challenges experienced promptly and in a timely manner.

4.4 Discussions

The response to changes in the external environment of organization has been a concern to management scholars. This research therefore was seeking to establish how MICT responds to changes in the external environment that are affecting it. The research in particular was seeking to determine strategic responses to external environmental changes at MICT, Kenya.

4.4.1 Comparison with Theories

From the above findings it is evident that the changes in the external environment affect MICT. The factors in the external environment that affects MICT range from political, legal, economical and technological. The research findings support environmental dependency theory that recognizes that the organizations are environmental serving and dependent such that they are not able to control their behavior as they are influenced by external factors. The factors in the external environment warrant strategic responses that can help the organization achieve its goals and help the organization sustain its performance.

The various external environmental forces that surround an organization have possible effects on how an organization operates and thus if a firm fails to make the changes warranted by the external environment they lose their competitiveness and might eventually go out of business. The findings of the study are also in consistent with the institutional theory that explains the survival of an organization which is derived from legitimacy. The study established that the lack of nominations of containers by KPA has made MICT to hire marketers so as to capitalize on self nominations to boost its business. Thompson (2005), states that that organizations have become acquainted with the expected characteristics of the environment and are establishing themselves to be worthy of the resources by broader environment and the society to receive legitimacy.

The study found out that MICT has taken the lead by reducing the cost of storage for containers and marketing for self nominations which has resulted the company in having an improved clientele base. Hatch (2007) states that the one of the three most common ways of putting in place elements of an organizational environment are: the

inter-organizational network which is represented by a web of complex relationships that consist of suppliers, clients, competitors, special interest groups and government regulatory bodies. The special interest groups are organizations, groups or people who try to influence functions of an organization via social, political or economic pressure, the general or global environment. The government regulatory bodies represent a central point because they have legal control over activities that are associated with nomination and tax authorities.

4.4.2 Comparison with other studies

From the findings of the study the management of MICT responds both reactively and proactively to change. The strategic responses of the company to changes in the environment include downsizing, cost control, diversification and product differentiation. Managers tend to anticipate change in the external environment and they come up with strategic responses to counter these changes. According to Grant (2000), strategic responses necessitates that an organization changes its strategies so that they go hand in hand with their environment and also redesign their internal capacity so that they go hand in hand with the strategies that the organization selects.

The findings also indicate that changes in the external environment have effects on the organization. These factors include political, economical, legal and technological factors. Thus indeed according to Lee & Jay (2015) as the external environment of an organization keep changing, the organization needs to adapt to internal configuration and activities in order to review what is taking place in its external environment.

This is because the external environment brings both threats and opportunities to an organization. The findings of the study also indicate that there is an impact on the performance of MICT based on the strategic responses implemented. The adoption of strategic responses improves the firm's effectiveness. Mokuia & Muturi (2015), found a positive correlation between strategic responses and performance of firms. On the other-hand, some studies show the existence of either an inverse relationship or no relationship on the link between strategic responses and performance. Bidley (2011) observed the existence of an inverse relationship between strategic responses and performance. He noted that adoption of strategic responses was not sustainable due to competition from other players. Use of strategic responses by firms does not necessarily

lower costs. It is evident that strategic response is a way in which firms opt to respond to environmental challenges. Nevertheless, the approach applied by the firm is influential of the success or failure of a strategic response.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter outlines the findings of the study and the requisite recommendations. The findings provide a valuable insight on how MICT can improve on how they respond to changes in their external environment and recommends necessary actions. It also highlights limitations of the study and recommendations for further research.

5.2 Summary of the Findings

The objective of the study was to determine the strategic responses to changes in the external environment of Mombasa Island Cargo Terminal, Kenya. To achieve this, the study applied a case study design as the unit of analysis was only one. The mode of data collection applied was primary data by use of interview guide from key personnel in the study organization. It was clear that changes in the external environment affect the organization which includes changes in the political, economical, legal and technological environments. The study also established that MICT responds to changes in the external environment through various strategies. Some of the strategies that MICT use include downsizing, diversification, cost control and product differentiation.

The study found out that there has been major technological changes overtime in the external environment of MICT. These include changes from meter gauge railway to standard gauge railway which has affected nominations of cargos to freight stations. The study further established that the changes in the economic environment have affected MICT. The effects experienced include lack of income flows to container freight stations which has caused the organization to reduce on its costs and reducing its staff members. It was concluded that MICT has instituted some strategies to cope with the changes in their external environment. This includes product differentiation, marketing, diversification, downsizing and cost control. The organization also keeps sending its staff to KRA and KPA trainings to keep abreast with the changes taking place in their technological environment.

The study deduced that MICT responds reactively and proactively to the changes in the external environment and considers resource requirement when implementing

strategy. The study revealed that strategic responses have led to improved performance of the organization. It was further discovered that likely influence of competitors add value to the investigated methods by increasing the value of service provided to the customers. The study also indicated that the strategic responses of the firm are reviewed on monthly and quarterly basis by a management committee and board committee respectively through which the progress of the organization is reviewed.

5.3 Conclusions

From the findings the study concludes that there have been effects of the external changes in the environment of MICT. These changes have led MICT to come up with strategic responses. Some of the strategies that MICT has come up with include product differentiation where they have ventured into product cargo, vehicles, earth moving machines and good in transit. MICT has invested in marketing to capture the self nomination market so as to increase the inflow of cargo to their facility. They have also lobbied the container freight stations association to ensure the government documents policies that are fair to container freight stations. To respond both reactively and proactively, MICT has recruited marketing team to ensure the number of self nominations has increased so as to increase their income. To top it up, MICT has opened a branch in Nairobi to capture the cargo market once the goods arrive via SGR at the Nairobi terminal.

5.4 Recommendations

The study established that MICT faces various external environmental challenges. The study therefore recommends that MICT should come up with strategies to enhance their performance. This can be done through diversifying the business. This will improve the income inflows for the organization. Since it was established that the political environment has had adverse affects on MICT the study recommends the company should engage the government more so that they can implement policies that are favorable to their industry.

It was clear that MICT has come up with strategic responses to the changing external environment. The study therefore recommends that MICT should ensure that each strategy is applied fully to address the changes posed in the external environment. The study observed that there have been government regulatory policies that have occurred

in the container freight station industry recently. The study recommends that the government and MICT in collaboration with the other stakeholders should continue with talks to end the government's hard stance of denying container freight stations cargos.

5.5 Limitations of the Study

There was challenge of sharing detailed information in regards to strategic responses to changes in the external environment at MICT. As such in some of the research areas we did not get detailed information. Time constraint was another challenge since the interviewees were very busy and the time the researcher took with the respondents could not allow for an in-depth probing. The other challenge was exhaustion. This was caused by the fact that the researcher had to travel to Mombasa to collect to data and due to the heated weather it led to the researcher getting exhausted faster. The scale of research was another risk since it was done only at MICT though it does not represent majority of container freight stations thus the findings of this study might not be generalized to other organizations in the industry.

5.6 Recommendations for further research

For better generalization of the study results, a further study can be carried out to determine strategic responses by other container freight stations companies in Kenya to changes in the external environment and further determine the factors that influence adoption of the strategic response to changes in the external environment.

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APPENDIX

INTERVIEW GUIDE

1. Which position in company management do you hold?
2. What are the major changes in the political environment that have affected MICT?
3. What are the changes in the economic environment that have affected MICT?
4. What are the legal changes that have affected MICT?
5. How have changes in technology impacted on the operations of MICT?
6. What are the specific areas adversely affected by these changes?
7. To what extent have these changes impacted on MICT?
8. At which level in the organization are strategies made?
9. How does MICT react to political, economic, legal and technological changes?
10. Describe some of the strategic responses used by MICT
11. In your own opinion, does MICT respond to changes reactively or proactively?
12. Does the company consider resource requirements when implanting a strategy?
13. What is the impact of strategic responses on the performance of the company?
14. What is the likely influence by competitors when deriving strategic response?
15. How often does MICT review the effectiveness of strategic responses?