A SURVEY OF STRATEGIC RESPONSES OF FIRMS TO ENVIRONMENTAL CHANGES IN KENYA: A CASE OF THE CITY COUNCIL OF NAIROBI

BY:

KUBUNYA PATRICK MBOGO.

A MANAGEMEMT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, SCHOOL OF BUSINNES, UNIVERSITY OF NAIROBI.

SEPTEMBER 2007

DECLARATION

I declare that, this research project is my own original work and has not been presented for award of any degree in any university.

Kubunya Patrick Mbogo

Signed Date 12/11/2008

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

Name of Supervisor: ALEX JALEHA

Signature Date 18/11/2008

DEDICATION

This research project is dedicated to my late father Wilfred Kubunya Kibanga who inspired me to pursue education.

To my dear mother Abija Wanjiru for her effort and struggle to ensure that I completed my education.

To my brothers and sisters for their encouragement and support

ACKNOWLEDGEMENT

First and foremost I give thanks to my supervisor Alex Jalcha for his patience, keen interest, professional direction, guidance and supervision during the entire period of this study.

Many thanks to Shabun Asman for his valuable assistance in formatting of the research work.

I also acknowledge the contributions of the various respondents to my questionnaires

Lastly, I thank the University of Nairobi management for providing me with library facilities for my research project

TABLE OF CONTENTS

Title page..... i

Declaration..... ii

Dedication..... iii

Acknowledgement..... iv

Table of content..... v

List of abbreviations..... vi

List of tables and figures viii

Abstract..... ix

CHAPTER ONE: INTRODUCTION..... 1

1.1 Background of the study..... 1

1.2 Statement of the problem..... 8

1.3 Research objectives..... 9

1.4 Importance of the study..... 10

CHAPTER TWO: LITERATURE REVIEW..... 11

2.1 The concept of strategy..... 11

2.2 Strategic Management 14

2.3 Environment and the Organization..... 16

2.4 Organizational Strategic responses to environmental changes. 19

CHAPTER THREE: RESEARCH METHODOLOGY..... 25

3.1 Research design 25

3.2 Data collection..... 25

3.3 Data analysis..... 26

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction..... 27

4.2 General Information on the Respondents..... 27

4.3 Factors influencing CCN's response to changes. 30

4.4 Strategic responses applied by CCN to changes 34

CHAPTER FIVE SUMMARY, CONCLUSION AND RECCOMMENDATIONS

5.1 Summary 40

5.2 Conclusions 41

5.3 Recommendations 44

5.4 Limitations of the Study 45

5.5 Suggestions for Future Research 45

REFERENCES 46

APPENDICES 50

APPENDIX 1: LETTER OF INTRODUCTION 50

APPENDIX 2: QUESTIONNAIRE 51

LIST OF ABBREVIATIONS

CCN	City Council of Nairobi
CCNSF	City Council of Nairobi Stake Holders Forum
KEPSA	Kenya Private Sector Alliance
NCBDA	Nairobi Central Business District Association
NGO	Non Governmental Association
UNEP	United Nations Environmental Program
HDD	Housing Development Department
PHD	Public Health Department
MOH	Medical Officer of health
LASDAP	Local Authority Service Delivery Plan
ICT	Information Communication Technology
PTA	Parents Teachers Association
CDF	Constituency Development Fund
LATF	Local Authority Transfer Fund
CCTV	Closed Circuit Television
NARC	National Rainbow Coalition

LIST OF TABLES

Table 4.1: Respondent's roles..... 26

LIST OF FIGURES

Fig 1 1 Organizational structure of the policy arm of CCN..... 5
Fig 1.2: Organizational structure of the executive arm of CCN..... ..6
Fig 1.3: The link between an organization and its environment.....18
Fig 1.4: Managing a firms adaptation to environment.....15
Fig 4.1: Position in the organization..... 25
Fig 4.2: Number of years served in the position.....25
Fig 4.3: Existence of some changes not responded to by CCN.....35

ABSTRACT

The objective of the study was to determine the factors that influence the City Council of Nairobi's responses to environmental changes, and to determine the City Council of Nairobi's strategic responses to the changes in the environment.

To satisfy the research objectives, the author used a descriptive research design comprising a case study of City Council of Nairobi. The population of study comprised of 33 senior management staff of the City Council including the town clerk, 17 chairpersons of 17 committees of the policy arm and the 15 heads of departments of the executive arm of the Council.

Primary data was collected using semi-structured questionnaires. The questionnaires were dropped and picked up later. Once the pertinent data were collected the researcher carried out analysis of the same using content analysis. Where applicable presentation was done in graphs, pie charts and graphs.

The study established that the factors that influence the CCN's response to environmental includes but are not limited to political-legal factors in which political interference with the running of the council through such issues like as political appointments. Legal factors where council decisions have to be vetted by the Ministry of local government. Economic factors in which overpopulation , poverty, and dependency resulted to straining of the limited facilities available, technological factors in which the city council has been slow in adopting technology in its operations, environmental factors where the city council of Nairobi is required to comply with the environmental conditions particularly in solid waste management.

The study shows that the City Council of Nairobi has responded to the changes in the environment in a number ways. The council has restructured and reorganized its committees and departments to address issues affecting it; evident examples are; the procurement department which deals with matters of procurement particularly in ensuring compliance with the newly enacted procurement act that spells out tendering procedures for effective cost reduction, the legal department which has been given authority to handle litigation, conveyance.

The human resource department was mandated to train and develop staff. The council has also decentralized the services of its departments to the divisions and ward levels by creating management and administrative structures at these levels. The council has also been ensuring that development plans and service delivery through LASDAP are carried out according to the needs at the ward level in order to spur development and ensure distribution of resources to the entire city. The council has also introduced performance contracting as a way of improving the performance of its management staff.

The study recommends that the CCN should embrace the ICT, firmly deal with corruption practices, and come up with a policy that is aimed at depopulating the city by developing and expanding industries and businesses to centres outside Nairobi. Also establishing a comprehensive plan that will see the infrastructure improved within the city. To keep pace with the expansion and technological changes, the council should hire consultants to advice on how to deal with emerging challenges posed by the environmental changes.

CHAPTER ONE
INTRODUCTION

1.1 Background

This chapter highlights the background information of the study. It points out the challenges faced by organizations in addressing the various changes occurring in their environment. It also highlights the various factors that influence changes in the environment and the strategic responses of several organizations to the environmental changes

1.1.1 Strategic responses

Organizations are set up to serve different needs of the societies in which they exist. The key concern of every organization is continued existence over time. The continuous existence of any organization is however not guaranteed but must be worked for by the organization.

All organizations are environment dependent (Ansoff and Mc Donnel, 1990). They operate in an environment in which they obtain their inputs and discharge their outputs (Porter, 1985). Organization environment consist of all the conditions and forces that affect its strategy options and defines its competitive situation (Pearce and Robinson, 2005). The turbulence in the environment no doubt, impacts on the organization. This implies that the organization has to respond to the environmental changes to remain stable and successful. In changing environments, the success of any organization is determined by its responsiveness to environment. To be able to build a competitive advantage, organizations need to examine their environment both external and internal and respond accordingly (Porter, 1985).

The environment consists of factors that form the contexts within which organizations exist (Hunger and Wheelen, 1999). Environmental conditions affect and influence strategies developed by an organization for survival and success. For organizations to remain truly competitive over time as the environment changes, Ross et al, (1996) argues that it has to learn, adapt and reorient itself to the changing environment. Ross et al, (1996) argues that this process must be deliberate and coordinated, leading to gradual or radical system realignments between the environment and a firm's strategic orientation that results in improvement in performance and effectiveness. This process is referred to as integrated strategic change. Strategy helps an organization to cope with change by designing appropriate strategic responses (Pearce and Robinson, 2005). Successful organizations continually scan their environment in order to identify future economic, competitive, technological and political discontinuities, which could affect its operations (Ansoff and McDonnell, 1990). In every industry, successful organizations continuously reassess competitive factors which will bring future success. Whenever historical strategies do not match the future success factors, the firm develops new strategies or leaves the industry. Ansoff and McDonnell (1990) observed that strategy diagnosis helps determine the firms' strategic responses which will ensure success.

According to Pearce and Robinson, (2005) strategic response is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firms objectives. It is thus a reaction to what is happening in the environment of the organization. Porter, (1980) points out that knowledge of the underlying source of competitive pressure provides groundwork for strategic agenda in action. When organizations are faced with unfamiliar changes, they should revise their strategies to match the environmental changes.

The Kenyan economic environment has been undergoing drastic changes, which has affected most sectors, more so since the early 1990s when the government's policies on liberalization outlined the reform measures to be undertaken in all sectors of the economy in order to accelerate growth and development. These challenges include privatization and commercialization of the public sector, increased competition, and liberalization of the economy and accelerated implementation of reforms by the government as well as rapid technological advancement. Faced with the changing environment, organizations have to adapt their activities and internal configuration to reflect the new external realities. Failure to do this may jeopardize future success of these organizations (Aosa, 1998).

1.1.2 The City Council of Nairobi

Nairobi is the capital city of Kenya. It is not only important to Kenya as a country but also to the African continent and the world as a whole. The city of Nairobi is strategically located as it hosts two international agencies, UNEP and UN-Habitat. It has relatively well-developed financial services with international banking and insurance components. The city of Nairobi produces between 52% and 54% of the gross domestic income (NCBDA Report, 2004). It is thus a major national source of revenues that deserves more in the way of allocation of capital.

The City Council of Nairobi was granted its current city status through a British Royal Charter in 1950. The City Council of Nairobi has faced many challenges in its pursuit to deliver quality and efficient services to its stakeholders. Many attempts have been made in the past to study the challenges the council has been facing while trying to cope with the environmental changes due to increased population, transportation and the slow economic growth, facing the policy and executive arms and come up with recommendations for improving its performance. Examples

are: the Omamo commission, Mbugua committee, and the Rweria committee.

The mission of the city council is to facilitate coordinated development and improved service delivery to stimulate economic activity, high quality of life and become one of the most attractive cities of the world.

The City Council of Nairobi falls under the Ministry of Local Government. The overall decision making organ is the council composed of 55 elected and 17 nominated councilors. The growth and development of Nairobi is therefore managed by the CCN in accordance with the local Government Act Cap 265 of the laws of Kenya. The City Council of Nairobi is divided into two arms, the policy arm headed by the mayor and the executive arm headed by the town clerk. The policy arm is further subdivided into 17 standing committees with sub committees under them. Figure 1.1 below illustrates the organization structure of the policy arm of the council

Source, City Council of Nairobi Newsletter 2006

Figure 1.1: Organization structure of the policy arm of the City Council of Nairobi

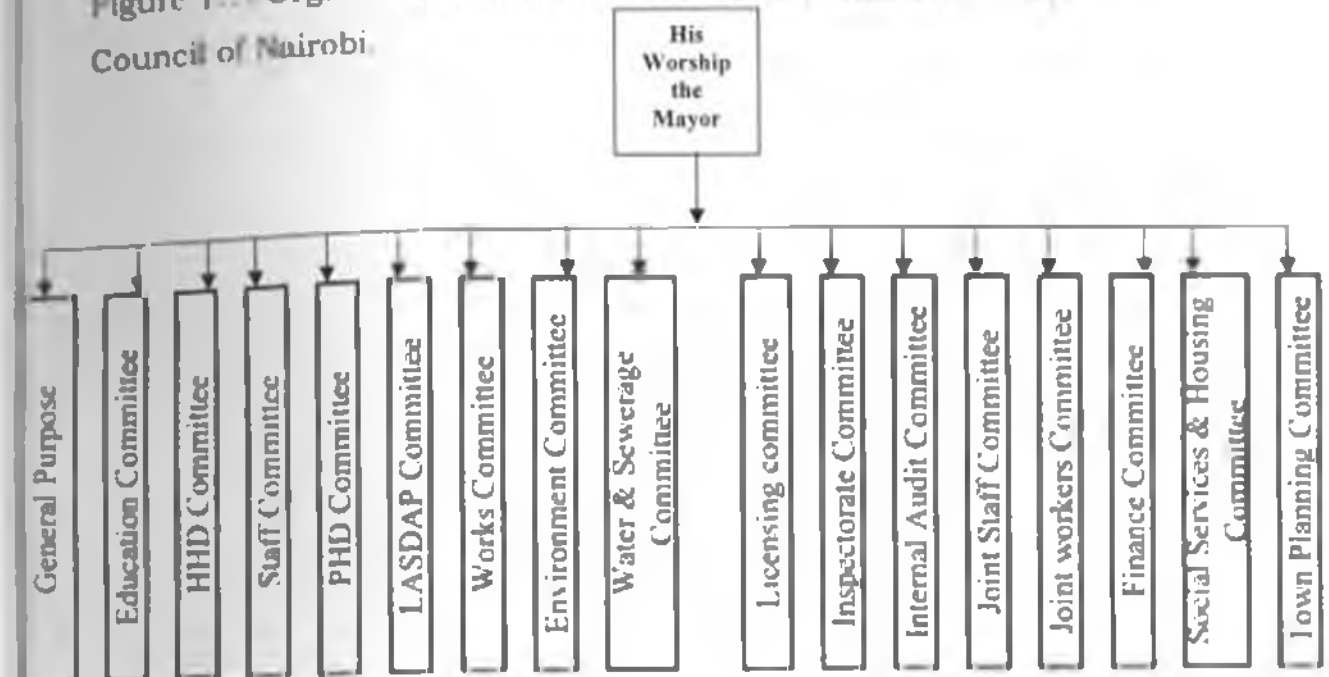
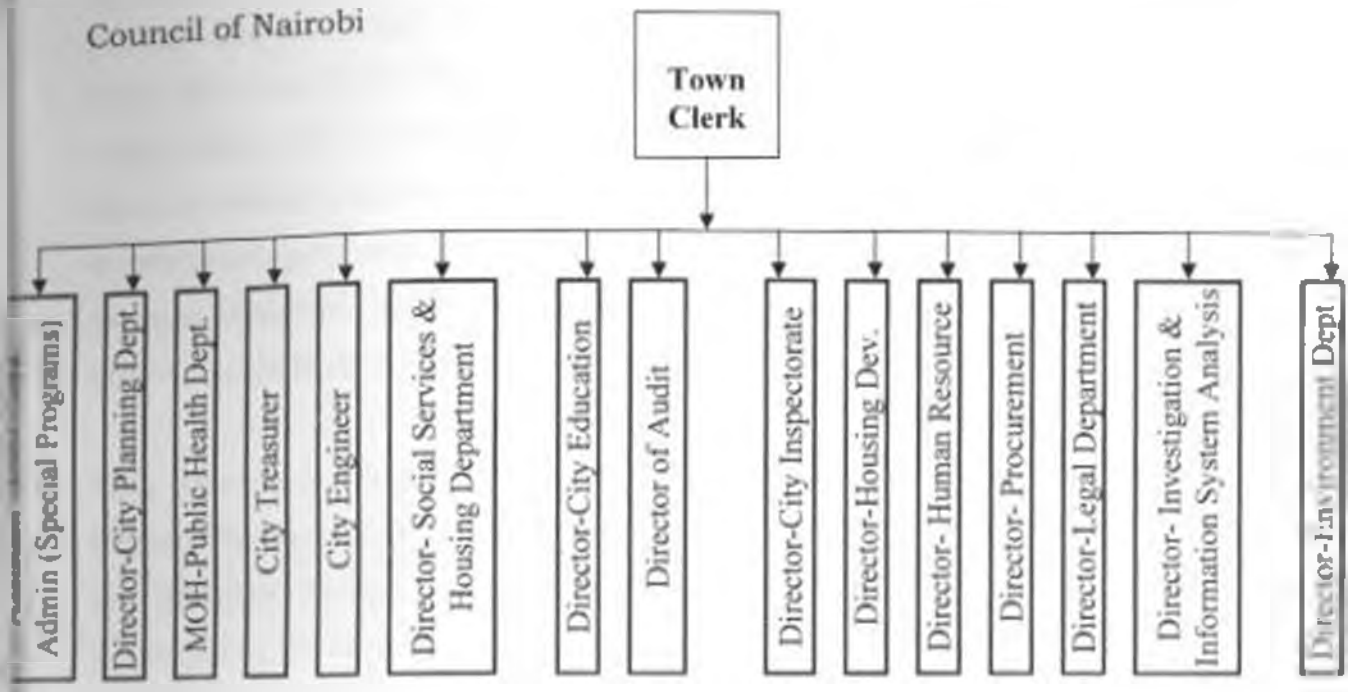


Figure 1.2: Organization structure of the Executive arm of the City Council of Nairobi



Source; City Council of Nairobi Newsletter 2006

The town clerk is chief executive officer of the council who oversees the day-to-day council management and administrative activities. In order to effectively discharge its mandate, the council is organized into 15 departments each of them responsible for particular core function areas. The departments are headed by Heads of Departments (Directors) who are responsible for their day to day activities but are answerable to the town clerk. Each department is further sub divided into sections headed by section Heads. Each department has adopted a unique management structure so that it can adequately discharge its mandated services. The departments are illustrated under Figure 1.2.

The city service delivery system has over the years been affected by poor administration, and rapid environmental changes like the increased rural urban migration which has seen the available resources overstretched. This has been compounded by the liberalization of the economy that has

seen private sector growing at a faster rate than the council is able to provide the necessary services to cope with the expansion. Individuals have also resorted to constructing their own homes as opposed to the case where the council was the land lord. Rural urban migration has seen increased population than the available residential areas hence the mushrooming of several slums. As a result, there has been deliberation to see whether decision making powers could be relinquished to autonomous bodies that will prioritize the needs of the people.

This above situation has led to the formation of Nairobi Metropolitan Region Development Board which is expected to run independently like the Nairobi Water and sewerage Company which previously was a department in the city council (NCBDA Report, 2004). This move is expected to improve the business environment. The president is expected to appoint members of the Board. The Kenya Private Sector Alliance (KEPSA) and the Nairobi Central Business District Association (NCBDA) are leading the initiative in which the Nairobi City Council will be included in decision making instead of being the sole decision maker.

The City Council of Nairobi Stakeholders Forum (CCNSF) was set up in March 2006 to come up with a comprehensive structure on the new arrangement. The management of the Forum will be vested in the board, which in turn will appoint a secretariat responsible for the day to day activities. The board comprises members nominated by the CCN, KEPSA, The Kenya Civil Society Alliance, NGO Council and the Ministry of Local Government. The board is expected to address itself to any constraints or grievances affecting the city and make appropriate interventions. By September 2006, four committees were evaluating structures in place, each of them with a distinct role. The four are council institutional framework, Decentralization, Revenue Mobilization and Finance, and stakeholders.

1.2 Statement of the problem

CCN like any other organization is environment serving. It depends on the external environment for survival. It has to understand the requirements and adapt to them. Failure to do this will give rise to a serious strategic problem characterized by the maladjustment of the organization's output and the demands of the external environment (Ansoff, 1984). The organizations environment within which CCN has been operating has experienced several changes. Change in the economic environment, competition, advancements in technology and government legislation. Burnes (2000) argues that changes are an ever – present future of organizational life and its pace and magnitude has increased significantly over recent years. To achieve sustainable advantage when such changes occur, an organization must find a new position by making trade-offs and establish a new system of complementary activities

Several studies have been carried out to demonstrate the responses of the various organizations to the changing environment. Kombo (1997) found that the motor vehicle franchise holders responded to changes in environment by improving technology, investing in new equipment so as to make competitive products, adding new features to their products and enhancing customer service. Njau (2002) revealed that East African Breweries Limited had made various changes in its principal brewing and bottling technologies by investing in new equipment so as to make competitive products. It also changed the basic products by adding new features. The University of Nairobi responded to environmental changes by introducing new programs based on the needs of stakeholders, ensuring staff had performance skills and review exercises (Mutua, 2004). Tourist hotels responded to changes in the environment by using restrictive, selective shrinking marketing and cost management (Mugambi, 2003).

Mwarania (2003) found that Kenya Reinsurance Corporation developed focused staff training programs, retrenched staff and invested in real estate to generate rental income in order to spread out their financial investments between short and long term ones in response to environmental changes.

No industry or company seems to be able to escape the wind of change. Effective strategic management appears to be the answer to companies in effectively coping with changing environment. Due to contextual, sectoral and managerial differences among these organizations, strategic responses issue gained from these studies may not be assumed to explain strategic responses in CCN. This study therefore focused on strategic responses of CCN to the environmental changes. In doing so, the study addressed the following questions:

i. What factors have influenced the CCN's responses to the environment?
ii. How has the CCN responded to the changes in the environment?

1.3 Research objectives

1. To determine the factors that influence CCN's responses to the environmental changes.
2. To determine the strategic responses that have been applied by the CCN to the changes in their environment

1.4 Importance of the study

It is expected that the findings of this study will be important to various stakeholders;

The management of CCN will gain insight into issues relating to strategic management, how they affect the organization and how the organization can use strategic tools to create competitive advantage in a changing environment through appropriate strategic responses.

The society mainly composed of residents of Nairobi will benefit from improved services arising from the Nairobi City Council Management ability to employ appropriate strategies thereby improving the quality of services to the benefit of Nairobi residents.

The study will contribute to the existing body of knowledge on strategic responses by Kenyan organizations particularly the public sector which has specifically defined roles to play in society. The study will also suggest potential research areas for future researchers.

CHAPTER TWO
LITERATURE REVIEW

2.1 The Concept of Strategy

According to Glueck (1984), strategy is the unified, comprehensive and integrated plan that relates the strategic advantage of the firm to the challenges of the environment and is designed to ensure that basic objectives of the enterprise are achieved through proper implementation process. The concept of strategy has grown in importance among management scholars and practitioners since 1950s. The importance of this concept has been underscored by various leading management scholars and practitioners such as Porter (1980), Ansoff (1987), and Harvey-Jones (1987).

However different authors have defined "strategy" in different ways. Some define the concept broadly to include both goals and means of achieving them. These include Chandler (1962), Andrews (1971), Chaffee (1985). Others define strategy narrowly by including only the means to achieving the goals. These includes Ansoff (1965), Hofer and Schendel (1978), Glueck and Jauch (1984). The various definitions suggest that the authors gave selective attention to aspects of strategy, which are all relevant to our understanding of the concept.

Drucker (1954) was among the earliest authors to address the strategy issue. He viewed strategy as defining the business of a company. Chandler (1962) added to the view taken by Drucker (1954) and defined strategy as, the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

UNIVERSITY OF NAIROBI
LOWER KABETE LIBRARY

Chandler (1962) considered strategy as a means of establishing the purpose of a company by specifying its long-term goals and objectives, action plans and resource allocation patterns to achieve set goals and objectives. Andrews (1971) brought together the views of Drucker (1954) and Chandler (1962) in defining strategy. To him, strategy is the pattern of major objectives, purposes or goals and essential policies and plans for achieving these, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be. In this definition, Andrews (1971) introduces an additional dimension that strategy deals with the definition of the competitive domain of the company.

Strategy should specify the competitive posture of the company in the market place. Porter (1980) argued that strategy is the central vehicle for achieving competitive advantage in the market place. The aim of strategy is to establish a sustainable and profitable position against the forces that determine industry competition

Glueck and Juach, (1984) defined strategy as a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization. The authors bring out another dimension that strategy is a consistent unifying and integrative plan for the whole organization. It is meant to provide guidance and direction for the activities of the organization.

The idea of strategy may be seen as an amplification of an earlier view by Ansoff (1965) who saw strategy as the "common thread" among an organization's activities. Glueck and Juach (1984) also view strategy as a company's response to the external environment given the resources the

company possesses. Chaffe (1985) directly introduced the element of stakeholder in her interpretative definition of strategy. She viewed strategy as an organization's attraction of individuals in a social contract or a collection of cooperative agreements. Strategy here is seen as a guideline that helps enhance or elicit cooperation from various stakeholders of a company. Such cooperation is essential for achieving company success.

Mintzberg (1987) argued that we cannot afford to rely on a single definition of strategy despite our tendency to want to do so. He proposed five definitions of strategy. To him, strategy could be seen as a plan, a ploy, a pattern, a position and a perspective. As a plan, strategy specifies intended course of action of a company. The strategy is designed in advance of actions and is developed purposefully. As a ploy, it is seen as a pattern emerging in a stream of actions. Here strategy is seen as a consistency in behaviour. The strategy develops or emerges in the absence of intentions. As a position, strategy is a means of locating an organization in its environment. Lastly, as perspective, it consists of a position and of an ingrained way of perceiving the world. It gives the company an identity or personality.

The multiplicity of definitions of strategy suggests that it is a multidimensional concept. No one definition can be said to capture explicitly all the dimensions of strategy. As Mintzberg (1987) argues, in some ways these definitions compete in the sense that they can substitute each other. As such, their complementary nature provides additional insights that facilitate our understanding of strategy. Advances in behavioral thinking were of the view that organizations are made up of people and so behaviour has always been an important factor in management. However, there has been a tendency to emphasize

analytical aspects of strategy almost to the exclusion of behavioral and political factors.

Some of the writers who have drawn our attention to the importance of behavioral aspects of strategy are Mum ford and Pettigrew (1975), Kotter (1982), Quinn (1978) and Giles (1991). In recognizing these complementary views of strategy, Hax and Majluf (1998) have suggested a comprehensive definition of strategy. To them, strategy is a coherent, unifying and integrative pattern of decisions; determines and reveals the organizational purpose in terms of long term objectives action programs and resource priorities; selects the business the organization is in or should be in; defines the kind of economic and human organizations the company is or intends to be in; attempt to achieve a long-term sustainable advantage in each of its businesses by responding properly to opportunities and threats in the firm's environment and the strengths and weaknesses of the organization; engages all levels of the firm and defines the nature of the economic and non-economic contributions it intends to make to its stakeholders.

2.2 Strategic Management

According to Hunger and Wheelen (1999, .3), strategic management is a set of management decisions and actions that determine the long-run performance of organization. Strategic management is concerned with arriving at decisions on what organizations ought to be doing and where hey ought to be going (Howe, 1993). Pearce and Robinson (2005) define strategic management as the formulation, implementation, control and evaluation of business strategies to achieve future objective Strategic management includes strategic analysis, strategic choice and strategy implementation. Strategic analysis is where a strategist seeks to understand the organizations strategic position, strategic choice involves the formulation of possible course of action, evaluating them and

enabling a choice to be made between them. Strategic implementation is concerned with planning how the choice of strategy can be put into effect and managing the challenges required (Johnson and Scholes, 1999). Strategy formulation, implementation and evaluation should occur at the corporate, divisional and the strategic business units of an organization.

Hoffman and Hegarty (1989) noted that the emergence of strategic management was out of necessity. Managers have been faced with enormous challenges of adapting to increasingly complex organizations to rapidly changing environments. Managers have to employ strategic management to achieve a match between the environment, strategy and internal capability. The organizations are required to be flexible in order to respond to competitive and market changes and ensure continuous operational effectiveness in the race to stay a head of competitors (Porter, 1996).

Porter (1980) summarized the benefits of strategic management. First, strategic management provides the central purpose and direction to the activities of the organization, specifically the organizations vision, mission and objectives. Secondly, strategic management enables the organization to adjust to different conditions or pressures because of changing environment. Organizations can and do often create their environment by focusing on strategic issues. Thirdly, strategic management helps companies develop sustainable competitive advantage. Fourthly, strategic management is important for the i of the organizations boundary interface. This enhances the quality of its relationship with the outside environment. Lastly strategic management helps organizations focus their competitive efforts, be more effective in resource allocation and identify their key success factors. This ensures that organizations are looking at long term implications of their plans hence creating a culture of learning organization.

2.3 Environment and the organization

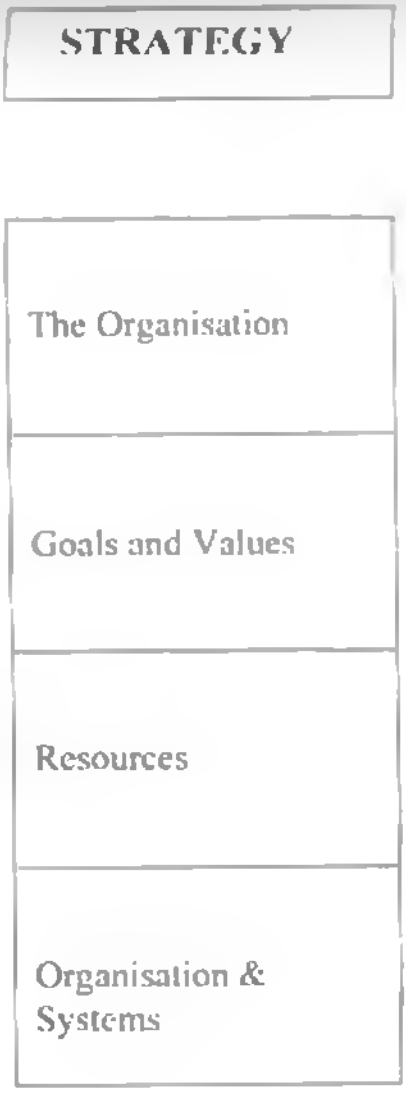
All organizations are environment dependant and changes in the external environment shape the opportunities and challenges facing the organization (Porter, 1991). Porter (1991) argues that the environment is important in providing initial insight that underpins competitive advantage, the inputs needed to act on it, an accumulated knowledge and skills overtime and the forces needed to keep progressing. For an organization to survive in today's ever-changing environment, it must maintain a strategic fit with both internal and external environment. An organizations internal environment has to do with things that are within the organizations ability to control such as staff, systems, structures, corporate culture, processes, facilities, strategy and products. The link between an organization and its environment is illustrated in figure 1.3.

An organizations external environment includes political, economic, social, technological, ecological and le factors (Pearce and Robinson, 2005). Kotler and Armstrong (1999) describe forces at work in the external environment as dynamic. Aosa (1992) noted that environmental changes brought challenges to the organization. Porter (1985) sees the connection of the external environment and the organization as an input-throughput-output process where inputs are received from the environment and released back into the same environment after being processed by the organization.

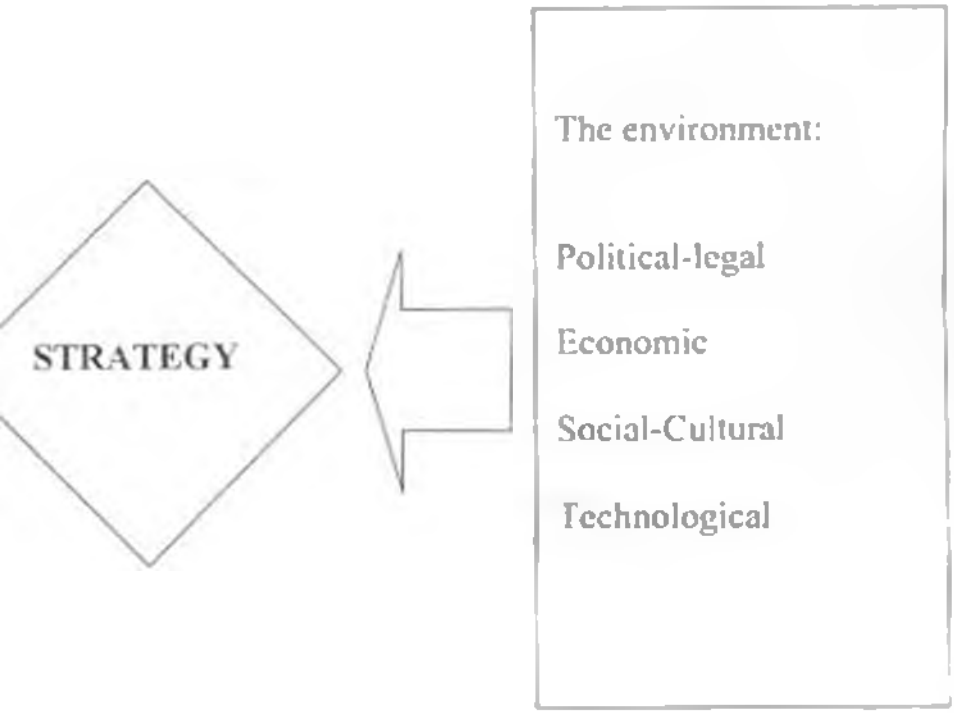
The increasing amount of change and the drastic nature of these changes especially those related to technology results to environmental turbulence and this makes it increasingly difficult to identify causes predict results of competitive initiatives with reasonable certainty (Bower and Christen, 1995; Aven D, 1994). The diagnostic procedure is derived from the strategic success hypothesis, which states that a firms performance potential is optimum when the following three conditions

are met; aggressiveness by which the firms strategy behaviour matches the turbulence of its environment, responsiveness of the firms capability in matching its strategy and the extent to which the components of the firms capability supports one another (Ansoff, 1990).

Figure 2.1


STRATEGY
The Organisation
Goals and Values
Resources
Organisation & Systems

The link between an organization and its environment



2.4 Organizational strategic responses to environmental changes

Pearce and Robinson (1991) define strategic responses as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firms objectives. It is thus a reaction of what is happening in the environment of the organization. Aosa (1992) observed that the modern approach to strategic planning has developed as a response to increasing challenges caused by high levels of environmental turbulence. The top management spends a lot of their time in trying to cope with uncertainties induced by the environment. These uncertainties include competitors' moves, technological changes, economic fluctuations (Ansoff and McDonnell, 1990). Managing a firm's adaptation to environment is illustrated in figure 1.4

Schneider and Meyer (1991) stated that the assessment of environmental threats and opportunities and organizational strengths and weaknesses are the core to developing strategic responses. Strategic diagnosis helps the organization in determining changes to be made to its strategies and internal capabilities. Restructuring, shrinking, selective marketing and cost cutting constitute strategic responses that firms use when the environment changes. Restructuring is based on the notion that some activities within a business value chain are more critical to the success of its strategy than others (Pearce and Robinson, 19991). Process restructuring aims at bringing the company to an acceptable level of performance. It covers activities such as marketing, product development and service delivery within the aim of cutting cost. Functional restructuring involves laying off redundant staff or training the staff in functional skills where they are encouraged to acquire new skills. Down sizing may occur by reducing workload as well as eliminating functions. Downsizing helps firms to lower overhead, speed up response and eliminate red tape (King, 1997).

Ansoff and McDonnell (1990) have identified three ways management responds to environmental changes as reactive management, decisive management and planned strategic management.

2.4.1 Reactive management

Reactive management reacts to environmental changes by using already historically successful measures. The initial response would therefore be cost reduction, efficiency improvement, and sales aggressiveness among others, unless the threat/opportunity has been identified by special forecast thus warranting special treatment (Ansoff and McDonnell, 1990).

According to Ansoff and McDonnell (1990), in established firms which have enjoyed along history of success, the mere presence of persuasive data frequently fails to trigger response, hence delaying the response time, this is attributed to four factors; first, systems delay due to time consumed in observing, interpreting, collecting and transmitting information to responsible managers. Secondly, verification delays as managers choose to wait for the threat to blow itself out. Third, political delays whereby managers want to delay change avoid becoming scapegoats should the impact of change prove negative. Fourth are unfamiliarity rejection delays. Managers are trained to trust prior and familiar experiences and reject unfamiliar ones as improbable and invalid. According and Ansoff and Donnell (1990), the above four delays postpone the responses past he rational trigger point and will substantially increase the cost to the firm; they refer to such responses as reactive management.

2.4.2 Decisive Management

In decisive management, firms do not engage in environmental surveillance or forecasting. However they are quick to learn from failure of conventional responses and are quick to cut losses. As soon as the

data show that cumulating loss of profit cannot be due to normal fluctuations, the management triggers a response. This kind of change management is characteristic small firms led by young aggressive management (Ansoff and McDonnell, 1990).

2.4.3 Planned strategic responses

For organizations engaged in planned strategic responses, one would expect to find anticipation of threats and opportunities to be matched by anticipatory response. However, Ansoff and McDonnell (1990) argue that many organizations that engage in forecasting exhibit the same procrastination behaviour of reactive firms. They attribute this behaviour to the nature of forecasted information.

In many firms, forecast of economic conditions, sales, earnings and costs are extrapolative in the sense that they project past performance patterns into the future. In such forecast the early impact of discontinuous departures from historical trends remains hidden behind the normal statistical fluctuations induced by economic and competitive activities. Only when the impact become e enough to stand out from the pattern does management become aware of discontinuities. By this time Ansoff and McDonnell (1990) contend that the advantages anticipation may have been lost.

A growing number of firms use non extrapolative technological forecasting, structural economic forecasting which are specifically addressed to identifying threats and opportunities posed by strategic discontinuities, this provide information (Ansoff and McDonnell, 1990), they further contend that if the forecast are given enough time horizons, they would the firm to complete its response before the threat can do any damage. Experience however show that in many firms such forecast remains unheeded and procrastination may last until after the threat has

become a painful reality. Ansoff and McDonnell (1990) agree that even if there is system delay in planned strategic response, this delay is smaller than in any other response case. This is because in reactive management the information is derived second hand from data intended to measure fast performance and in planned management, threat/opportunity forecasting is primary input data.

Ansoff and McDonnell (1990) argue that as firms try offsetting smaller systems delay, they end up creating larger delay due to verification, political resistance and unfamiliarity rejection. The fact that the triggering information is conjectural and no longer based on painful experience as it is in the case of reactive management, reinforces and provides justification for the natural delay tendencies in all the three earlier mentioned categories.

2.4.4 The post-Trigger Behaviour

According to Ansoff and McDonnell (1990), the period between the first awareness of the threat and the point in time at which management turns to coping with it may be last months or even a year. The significance of trigger point is that it ushers in extraordinary, non-routine drastic measures. Ansoff and McDonnell (1990) divide these extra ordinary measures into two classes, the first copes with discontinuous changes in the firms relationships to the environment in its internal dynamics and in its value system e.g. diversification to new business, divestment from major product lines, major reorganizations, introduction of strategic planning systems. These dynamics change the face of the firm, alter perspectives and introduce new ways of life. These are called strategic measures (Ansoff and McDonnell, 1990). The second class of measures also called operating measures, stop short of changing familiar relationships. Never the less they are drastic enough e.g. unusual major sales promotion, write off assets, a drastic price cut

disposal of obsolete inventories, freeze on hiring, cut back on expenditure.

According to Ansoff and McDonnell (1990), majority of firms will find operating measures familiar and acceptable, either because they en tried before or because their impact can be forecasted with confidence. Strategic measures, however, will be acceptable only in small minority of firms which have previously made drastic strategic changes away from life. For the majority which had historically confined themselves to incremental strategic change, drastic measures appear strange, risky and threatening.

Strategy avoidance response typical of reactive management assumes that the difficulty can be overcome through familiar but drastic operating counter measures. A severe measure is tried sequentially starting with ones which have been successful in the past. If none of the measures produces a sufficient improvement, the tendency is to conclude that for the moment situation is out of control, but the environmental disturbance is temporary and if the firm holds long, the problems will blow out. The firm turns from counter measures to retrenchment. The game plan is no longer to arrest the threat but to whether it. Typically non essential activities such as management development are the first ones to suffer. Secondly future oriented activities e.g. research and development and capital investment are decreased. Thirdly, expenses supporting current operations are cut down. It is only if the losses continue to resist both operating counter measures and retrenchment that a reactive firm turns to strategic remedies. Meanwhile a great deal of time has been lost, substantial losses accumulated and extra cost incurred (Ansoff and McDonnell, 1990).

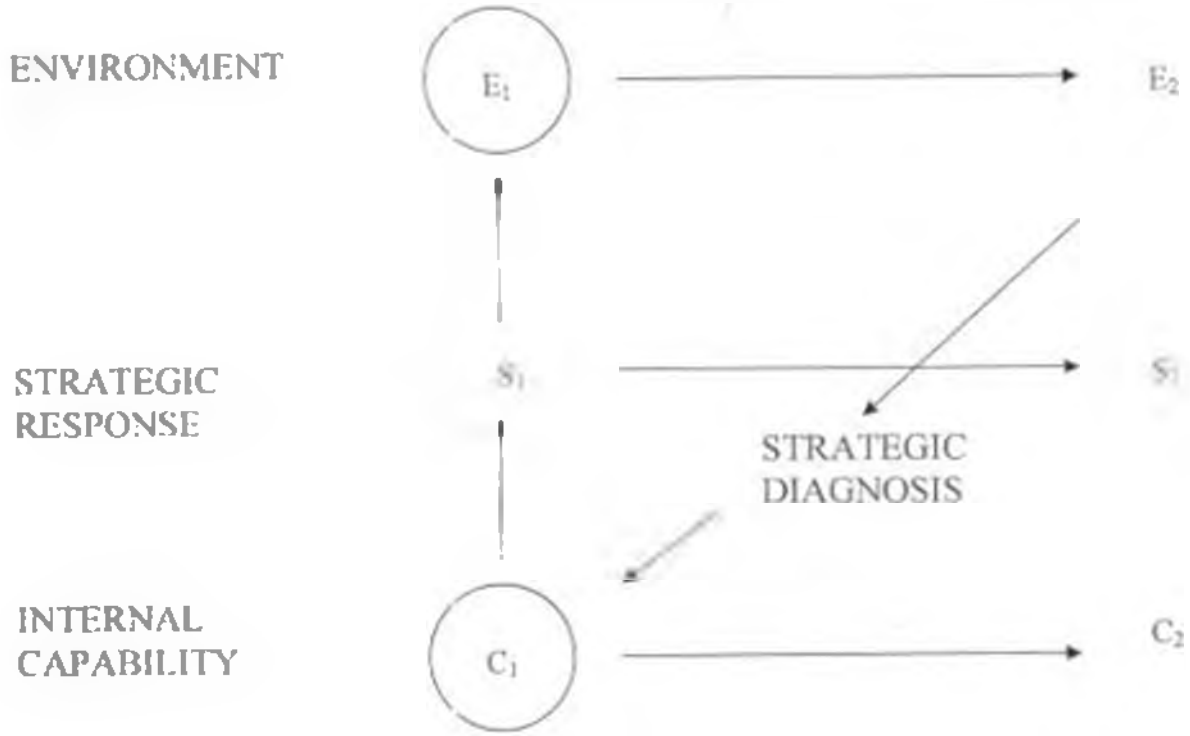


Figure 2.2 Mar aging a firm's adaptation to environment

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Design

The research was a case study which aimed at providing an in-depth understanding of the environmental changes that City Council of Nairobi has experienced and documents any responses that it may have had to these changes. City Council of Nairobi is the oldest, largest local authority in Kenya and one would want to find out how it is responding to the current changes in the environment.

Case study involves studying one organization where one or several respondents are interviewed. One is able to collect in-depth information that helps in understanding situations or phenomenon and not generalization. It eliminates or minimizes time wastage and also minimizes costs of movement from one firm to another.

3.2 Data collection

The populations of the study were the senior management staff of the City Council of Nairobi. They included the Town Clerk and the 15 heads of the executive arm or departments, and the chairpersons of the seventeen committees of the policy arm. Semi-structured questionnaires were used to avoid subjectivity resulting from limiting the respondents answer option.

3.3 Data Analysis

Content analysis was used to analyze data collected. This is a systematic detailed qualitative description of the objectives of the study. It involves observation and detailed description of objects, items or things that comprise the study (Mugenda and Mugenda, 1996). This method made it possible to analyze and logically group the large quantity of data and compile the rest of the study.

Nachmias and Nachmias (1996) define content analysis as a technique for making references by systematically and objectively identifying specific characteristics of information and using the same approach to relate to trends. This approach has been used previously in similar research papers like in Mpungu (2005) and Kathuku (2005). Where applicable presentation was done in pie charts, graphs and tables.

CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

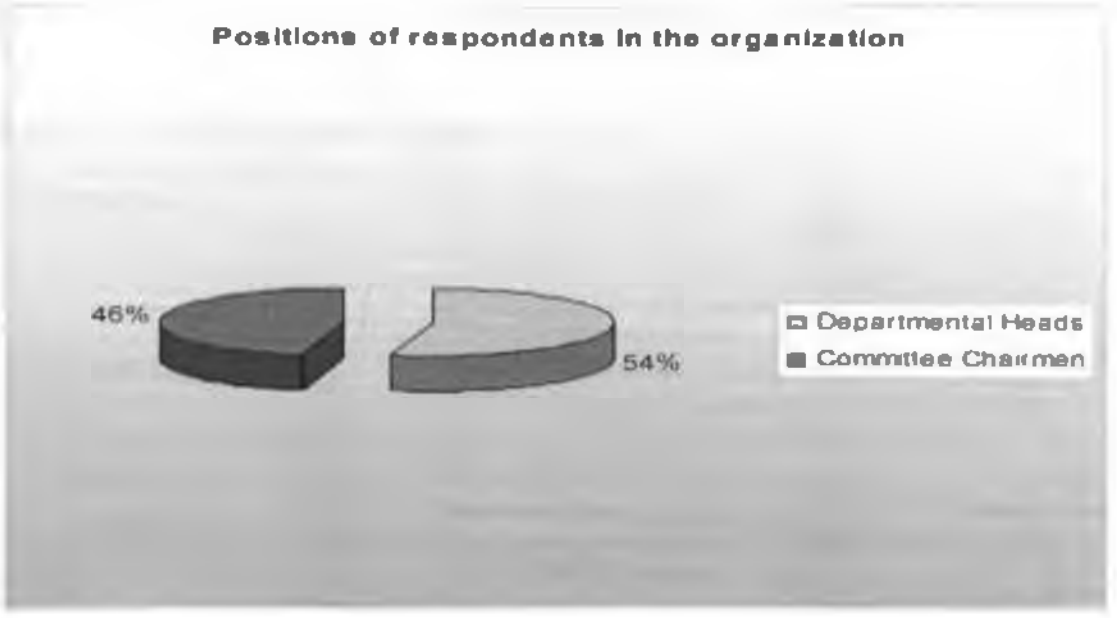
In this chapter, data pertaining to the factors that influence CCN's responses to the environmental changes and the strategic responses that have been applied by the CCN to the changes in the environment is analyzed and interpreted.

A total of 33 respondents comprising of the Town Clerk, 15 heads of departments together with the 17 chairpersons of the committees of the policy arm were interviewed. A total of 28 out of 33 responded giving a response rate of 85 per cent. The data collected were edited and coded and then analysed using content analysis. As was found appropriate, the presentations of the results of data analysis were done in form of pie charts, graphs and tables.

4.2 General Information on the Respondents

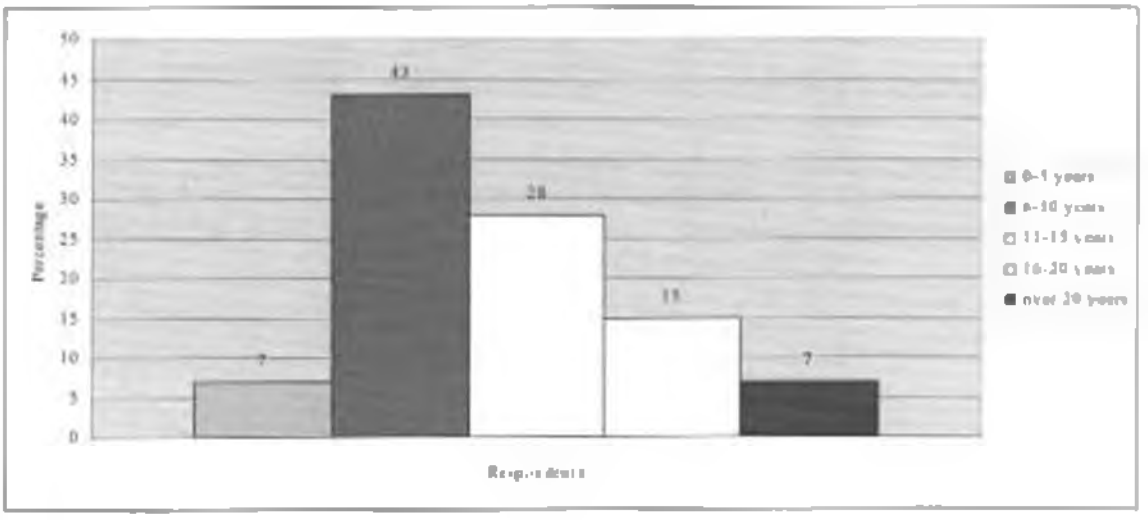
The respondents were to provide information on; position in the organization, how long they have served in their positions and the roles they play in the organization, (Appendix 2). The analysis shows that 54 per cent were heads of departments/Directors from the executive arm while 46 per cent were departmental chairmen from the policy arm of the City Council of Nairobi. See figure 4.1 below.

Figure 4.1: Position in the organization



The study further sought to determine how long the respondents have served in their positions, the result of this analysis shows that 43 percent of the respondents have served in these positions for between 6 and 10 years. The findings of the analysis are presented in figure 4.2.

Figure 4.2: Number of years served in position



The table 4.1 below shows the summary of roles of each and every respondent classified as per their departments.

Table 4.1: Respondents' roles.

City engineer	• Develop infrastructure • Supervise domestic development • Construct drainage • Liaise with city planners on development matters
Director of housing	• Construction and maintenance of social halls in city estates • Construction of markets to city residents near estates • Construction of community training institutes
Head of Public health	• Management of health centers in the city • Preparing of health care policies
Director of Human Resource	• Ensuring every council department has enough staff • Overseeing recruitment and retirement of staff • Organizing training for staff
Environment	• Conservation and improvement of the environment • Advising council on environmental matters • Maintenance of a clean city
Director of Investigation and information analysis	• Carrying out investigations • Ensuring ethical practices are entrenched in the council
Director- City Education	• Management of primary and pre-unit schools
City treasurer	• Supervise revenue collection • Prepare revenue report for management purposes • Management of revenue collection
Director of Audit	• Planning audit work • Organise audit functions • supervision of audit staff
Director-City Inspectorate	• Provision of security to council institutions • Enforcement of council by-laws • Control of traffic
Director-City planning	• Designing infrastructure • Providing policy framework for planning. • Verification of development plans
Director Procurement	• Ensuring competitive procurement of goods and services Disposal of obsolete assets • Management of inventories • Ensuring quality of procured goods
Town clerk	• Overseeing all departments • Providing link between government and council. • Ensure smooth working between executive and policy arm of council

4.3 Factors influencing CCN's responses to environmental changes

The first objective of the study was to establish the factors that influence City Council of Nairobi's responses to the environmental changes. The subsequent section contains the findings of the analysis.

4.3.1 Environmental changes that have affected operations of CCN.

Respondents were asked to list the major environmental changes that have affected the operations of the City Council of Nairobi within the last five years. Responses from the policy wing of the City council of Nairobi were grouped together with the responses of the corresponding department of the executive wing.

The result of the analysis shows that from the environmental committee and the department of environment, the major environmental changes are the increased volumes of garbage in the city of Nairobi, the destruction of the physical environment for instance the main water catchments area of Karura forest and the general destruction of vegetation cover within the city due to pressure created by the bulging human population in Nairobi city.

Education department faced changes like the introduction of the free primary education by the NARC government in 2003. The department also witnessed the tremendous increase in pupils' population, and the diminishing funding from the donors and well wishers. The freezing of hiring of teachers by the government resulted to pressure on the existing teachers leading to the drop in performance of the council managed primary schools.

The engineering department has witnessed increased number of motor vehicles on the roads which has resulted into huge traffic jams on the roads. Overpopulation has put a lot of pressure on the existing drainage

system, resulting to a constant breakdown of the drainage system. The increased demands for development has compromised the quality of work as the few technical staff available are overstrained. Increased unplanned developments mainly slums within the city, has also come up because of the Councils inability to meet the housing needs of the excess population.

Increased population has been experienced by almost all the departments of the City Council of Nairobi and the public health department is no exception. The department has to struggle to provide health services with inadequate health personnel like the doctors, clinical officers and nurses in its health centers. Lack of essential drugs has also characterized this period and also dilapidated buildings and worn out and obsolete health equipments.

Social services and housing department witnessed corruption which resulted into the public land set aside for the construction of social amenities like the social halls, play grounds and markets being allocated to private developers. Lack of funds to construct new and maintain the existing social amenities were witnessed by the department.

In the Human Resources Department, more of political appointments were witnessed dealing a blow to the objectives of the department and therefore compromising the provision of quality of services to the city residents. The other change is the demoralized workforce due to low and delayed salaries and the scrapping of the medical scheme.

The City inspectorate witnessed the effects of increased population occasioned by the increased rural urban migration by the youth who graduate annually from schools and colleges in search of jobs. Lack of these jobs has resulted into rise of insecurity. The department also

witnessed change in governments hence change in governance and the need to enforce the by laws. The department also witnessed increased levels of poverty hence mushrooming of slums and increased insecurity. The Inspectorate department also witnessed the increased crime rates due to unemployment. The types of crimes were sophisticated as a result of the small and illegal firearms being in circulation. The department also witnessed the changes in the legislation for example the introduction of the bylaws on smoking. There was increased demand for security by the locals and the international community.

The Audit department saw the introduction of the performance contract, the introduction of the rapid result initiative and the decentralization of functions to ward levels posing a challenge on devising checks and control measures.

The town clerk's office witnessed the challenge of legislation authority that denied the council autonomy. The town clerk also stated that increased population was witnessed during this period. Dwindling revenues and increased expenditures characterized this period.

4.3.2 Challenges posed by changes at the City Council of Nairobi

Respondents were asked to state the challenges that the changes in the environment posed to the CCN. The analysis shows that the first challenge that the council faced was the demoralised work force. The councils dwindling revenues could not support increased expenditures like remunerating decent salaries to employees. The revenue collection which comes in the form of packing fees, license fees, rates and rents has never been efficient. This has been due to unethical practices, improper systems of enforcements, poor record keeping, inadequate and incompetent staff. Some packing attendants were deeply involved in malpractices that denied the council the much needed revenues. There

also exist several businesses that do not pay license fee due to inefficiency and weaknesses in enforcement. The respondents also indicated that corruption resulted to illegal allocation of public land to private developers that curtailed development of amenities like the social halls, playing grounds, schools, dispensaries, markets and expansion of the existing facilities.

The respondents also cited the challenges posed by the technological changes. The council is yet to appreciate ICT. Computerization of the councils department is yet to be fully realized. This has been due to the fact that majority of the councils' staff are resistant to the technological changes. This has therefore compromised the efficient delivery of services by the council to its city residents.

Overpopulation again as depicted by the majority of the respondents was a major challenge to almost every council department. Overpopulation resulted to a strain on the scarce resources hence the collapse of most systems for example the drainage and environmental degradation. The introduction of free primary education have seen classrooms overcrowded with children and hence a high teacher child ratio which has compromised the quality of education.

The health care facilities cannot handle the number of people that visit them in daily. Increased population has also seen the increase in automobiles on the roads. There is constant damage to the roads due to heavy traffic flow. The high number of vehicles resulted into unending long traffic jams thereby affecting the levels of productivity. This resulted to economic losses occasioned by lost working man-hours and billions lost due to fuel lost in the jams. These have heavily increased the cost of living and doing business in Nairobi.

The other challenge that the council faced arising from environmental changes was lack of efficient management. This saw the duplication of functions as there seemed to be no procedure followed in assigning duties. These could be attributed to the interference by the politicians in the form of political appointments. This disregarded the objective of the council which is expected to employ professionally qualified persons for quality results. The inefficient management at the council made it difficult for the council to maintain or procure new equipments for garbage collection hence the piles of garbage in many parts of the city. The council has also put to risk the lives of its residents by failing to relocate the dumping site at Dandora which is an environmental hazard.

Respondents indicated that poverty was a big challenge. Poverty could be attributed to poor performance of the economy and also uneven distribution of wealth and unemployment opportunities. The diminishing revenues made it difficult for the council to put up affordable and adequate housing facilities to cater for the increasing population hence the rise of slums in the city. Poverty has also caused the increase in the level of crime rate in the city of Nairobi. Majority of city residents cannot afford the cost of accessing the very basic needs in life hence low standards of living.

4.4 Strategic responses applied by CCN to changes in environment

The second objective of the study sought to establish the strategic responses that the City council of Nairobi has applied to the changes in environment. The findings of the analysis are presented in the following paragraphs.

4.4.1 Responses of the council to changes in environment

Respondents were asked to explain how the City Council of Nairobi has responded to each of the changes. The findings of the analysis show that

the city engineers department has installed more traffic control signals in order to ease traffic flow. It has also partnered with the roads board to improve, expand and maintain the road network. The council has also embarked on reconstruction and repair of the roads. There were numerous temporary road by-passes opened up to ease traffic. The council has enforced its by-laws on buildings to ensure that only approved buildings are constructed. The study established that the council had partnered to construct low cost housing units to take care of the slum dwellers particularly in slums like Mathare and kibera. The council procured high-tech equipments like the earth moving machines to handle the huge volume of engineering works.

Respondents indicated that the City Council in conjunction with the development partners like the Constituency Development Funds committees, in a bid to solve the problem noted in free primary education, have constructed new classes in already existing schools. The council resorted to hiring of additional teachers through PTA to increase the existing capacity and also providing subsidies through LATF and CDF to improve facilities and equipments in the schools.

In the public health department, respondents indicated that rehabilitation of the health care facilities was being undertaken using CDF subsidies and also new health care facilities were being constructed. The council had forwarded requests for posting of more health care personnel to its centers. Management of council clinics was placed under Nairobi Health Management Board while Pumwani is now managed by an independent board. Both of these have a level of autonomy in decision making.

UNIVERSITY OF NAIROBI
LOWER KABETE LIBRARY

Respondents indicated that the council through the department of environment had introduced a comprehensive beautification programme. The council has hired florists and landscapers to ensure high standards of beautifications. It has also designed an elaborate cleaning programme introducing working in shifts including night shifts. The council has outsourced the garbage collection services as a way of tackling the garbage menace. The department has also enhanced the enforcement of by-laws to protect the existing environmental cover. And lastly plans are underway to relocate the Dandora dump site to Ruai which has more space and is away from the human residence.

The council has been lighting up the city in a bid to curb crime. Through partnership, the council has managed to light up various streets in Nairobi. The council has also initiated the training of its staff on local crime prevention and has developed a comprehensive toolkit highlighting the process necessary for successful crime prevention. The council introduced day and night patrols, relocated street families and introduced more recreational facilities for the youth.

Respondents indicated that the council has also built timely information which is accessible and allowed participation of residents in the implementation of the Nairobi Crime Prevention Strategy. The City Council in a bid to manage crime in slum areas has been lighting up the slums in the city. The respondents indicated that the council had installed CCTV cameras at strategic places in a bid to monitor crime in the city.

Respondents indicated that in the investigation and information analysis, the council has been collecting information and setting standards in various centers, this includes ensuring that the staff signed performance contracts against the set standards and are evaluated periodically. The council has been training staff and involving them in Rapid Result

Initiative (RRI) to set standards. The council has also developed a website where it posts all the information pertaining to its activities

The results of the analysis revealed that in order to improve on its effectiveness, the council has decentralized its services to the ward level. This has enabled it monitor and supervise the service delivery by its employees. The council has ensured that the rules on examination and approval of building plans are adhered to. The council has also partnered with government in the construction of the new Muthurwa hawkers market. This aims at solving the problem of hawking in the streets of Nairobi where the hawkers have been a menace to the city residents. The analysis showed that the council is in the process of preparing a blueprint for managing growth and development over the next 20 years focusing not only on economy but also on social and environmental aspects for sustainable development.

The study established that the council has enhanced the remuneration and allowances of its employees to discourage them from engaging in other unethical activities. Staffs are encouraged to seek further studies as a way of enhancing their skills. Again the introduction of the performance contract and the Rapid Result Initiative (RRI) are aimed at improving performance and service delivery. Through coordination of local service delivery action plan (LASDAP) the council has been able to facilitate effective service delivery to residents.

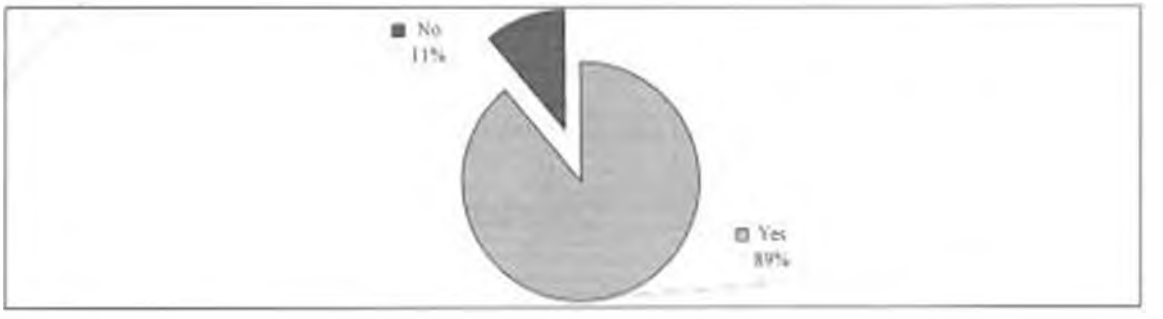
The respondents indicated that there exists legislation which gives the town clerk executive powers to curtail political interferences on the councils operations. They also indicated that the issuance of the staff code of conduct and ethics booklets to each employee detailing the vision, mission and the council's core values and disciplinary procedures has ensured employees commitment to service. The council in a bid to

make information available on safety and crime related issues publishes a newsletter quarterly. The study established that the council has ensured focused operations by various council departments creating stronger partnerships with government, private sector, and civil society and having coordinated and integrated action plan at the community level. The council has had a comprehensive review of the city by-laws which is viewed as key to good urban governance through consultative and participatory approach.

4.4.2 Changes the CCN never responded to.

The study sought to establish if there were any changes that the City Council of Nairobi did not respond to. The result of the analysis indicates that the council had not responded to some changes. Figure 4.3 contains the details of this finding.

Figure 4.3: Existence of some changes not responded to by CCN



4.4.3 Reason for non response to change.

Respondents were asked to explain why there was no response to these changes. Among the changes that the council has not responded to is the issue of infrastructure. Despite deterioration of the infrastructure including the road network, housing, schools, markets, health centers lighting and sewerage system, the council is yet to come up with a comprehensive infrastructural development programme.

The council has not been able to deal with corruption particularly the irregular land allocation. Respondents indicated that despite the efforts by the council to employ more teachers, the demand still remains unmet in all levels. The lack of financial resources remains a big challenge as the council is yet to find a long-term development partner to finance its projects. The study also established that the council has not been able to handle the huge volumes of garbage because there is no policy on waste disposal. Despite the advancement of most business organizations in terms of technology, the council is yet to embrace a comprehensive computerization of its functions to improve efficiency in service delivery.

Another reason why there has been no response in some areas is incompetent management staff. Several management staffs particularly at the policy level of the council are not well educated or conversed and therefore lack appropriate management skills required for the effective and efficient running of the council. Some managers within the executive wing are also generally incompetent and lack commitment to their work. Majority of the management staff have their attention diverted to personal interest within the council at the expense of the council's interest.

The respondents also felt that there is lack of goodwill from the executive wing as well as the policy (political) wing of the council to pursue effective and efficient management styles within the council.
The current legal framework has also been a hindrance in responding to change. The Council has no free hand in decision making. The government has built strong muscles in decision making through by laws and this has given it the authority to dictate what he council should pursue hence denying them the opportunity to make their own decisions.

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS.

5.1 Summary

The overall purpose of the study was to determine the strategic responses of firms to the environmental changes in Kenya. The first specific objective was to determine the factors that influence City Council of Nairobi's response to the environmental changes. The second specific objective of the study was to determine the strategic responses that have been applied by the City Council of Nairobi to the changes in their environment.

The analysis shows that 54 per cent were heads of departments/Directors from the executive wing while 46 per cent were departmental chairmen from the policy wing of the City Council of Nairobi. The result also shows that 43 percent of the respondents have served in these positions for between 6 and 10 years

The analysis shows that the main challenges facing the council are demoralised work force, dwindling revenue, corruption and lack of proper systems, inadequate staff, failure to appreciate ICT, overpopulation as depicted by the majority of the respondents was a major challenge to almost every council department. It strained the scarce resources hence the collapse of most systems for example the drainage, environmental degradation, Lack of an efficient management, political goodwill and interference in appointments. High population has influenced increased level of poverty leading to proliferation of slums.

The finding of the analysis shows that the City Council of Nairobi has done a number of things in response to environmental changes. These includes the installation of more traffic control signals by the City

engineers department, reconstruction and repair of the roads, construction of low cost housing units . These were to take care of the slum dwellers particularly in slums like Mathare and kibera. Hiring of additional teachers through PTA to increase the existing capacity of the cities primary schools and also providing subsidies through LATF and CDF to improve facilities and equipments in the schools. Rehabilitation and construction of the health care facilities in partnership with the CDF. Appointing of Nairobi Health Management and Pumwani maternity boards to manage the city clinics and Pumwani hospital. Introduction of a comprehensive beautification program and an elaborate cleaning program. Introducing working in shifts , enforcement of by-laws to protect the existing environmental cover and the plans to relocate the Dandora dump site to Ruai which has more space and is conveniently away from the residence area , lighting up the city in a bid to curb crime, building of timely information which is not only accessible but also allows participation of residents in the implementation of the Nairobi Crime Prevention Strategy, the signing of performance contracts by staff, development of a website with information pertaining to Councils activities, decentralization of services to the ward level, and existence of legislation which gives the town clerk executive powers to curtail political interferences on the councils operations.

5.2 Conclusions

5.2.1 Factors influencing CCN's responses to environmental changes

The study established that there are many factors that influence the City Council of Nairobi's responses to environmental changes, these factors includes but are not limited to political factors where politicians interferes with the running of the council by influencing political appointees, economic factors that impact on standards of living , levels of income, disposable incomes and taxation levels . These determine the

council's structure of charging levy's and budget forecasting. technological factors where the city council has been slow in adopting advanced technology in its operations, environmental factors where the city council of Nairobi is required to comply with the environmental conditions particularly in the disposal of garbage, the legal factors that are grounded on weak bylaws that give authority to the ministry hence interference and to dictating on how the City Council of Nairobi should be run. These factors were a big challenge to the council and seriously affected service delivery to the city residents to an extent that the residents threatened to stop paying levies to the council. The delays in remunerating employees got them involved in unethical practices that resulted to huge losses in revenues and irregular disposal of assets.

5.2.2 Strategic responses of the CCN to changes in environment

The study shows that the City Council of Nairobi has responded to the changes in the environment in a number ways. The council has restructured and reorganized its committees and departments to address issues affecting it; evident examples are; the procurement department which deals with matters of procurement in liaison with the relevant government ministries and application of the newly enacted procurement act that spells out tendering procedures for effective cost reduction. The legal department has been mandated with handling litigation, conveyance, and also reviews existing bylaws. The human resources department has been mandated to train and develop staff. The council has also decentralized its services to the divisions and ward levels by creating management and administrative structures at these levels. The council has intensified supervision to ensuring that development plans and service delivery through LASDAP is carried out according to the needs at the ward level in order to spur development and distribution of resources to the entire city. The council has also introduced performance contracting as a way of improving the performance of its management

staff. The study also shows that the council is enhancing the management of its resources focusing on long-term plans of the organization.

Another strategic response by the council is the designing of the street families' settlement programmes, these programmes are aimed at poverty reduction and sustainable development through improved security encompassing economic health, personal safety and security. The city council and other stakeholders including UN HABITAT have since 2001 started a number of initiatives and strategies aimed at restoring safety and security in the city to address rising levels of crime and fear of crime. The City Council of Nairobi is also working with its development partners to improve the basic infrastructure which include roads, water, clean sanitation and health facilities which is aimed at reducing the cost of doing business and empowering the residents economically. The council is also embracing modern planning in tandem with external orientation in recognition of environmental trends surrounding the organization. And in a bid to solve the prevalent garbage problems, the council has resorted to outsourcing this service to private companies. The Council also privatized the department of Water and Sewerage. This was aimed at ensuring efficiency and effectiveness in the provision of water to the residents of Nairobi and its environs.

The study established that in a bid to improve provision and promotion of access to quality and equitable preventive, promotive, curative and rehabilitative health care services through institution of an efficient health care service, the council transferred the management of healthcare to the Nairobi Health Management board to take care of all the dispensaries and be directly funded by the government and supplemented by the cost sharing spirit.

5.3 Recommendations

The study recommends that the City Council of Nairobi should embrace the ICT by comprehensively computerizing its operations in order to improve on efficiency as a strategic response to technological changes. The study further recommends that the council should deal firmly with corruption as the study established that there was no policy in place to deal with the vice particularly looted public property. In response to the issue of overpopulation, the study recommends that the council need to come up with a policy that is aimed at depopulating the city by promoting development of the centers located away from the city and also encouraging industries and businesses to relocate to these towns.

The council should also come up with a comprehensive plan that will see the improvement and expansion of infrastructure including maintenance, re-construction and construction of new ones. These should include plans that will lead to construction of bypasses that will divert the heavy traffic entering the city center. A policy that will encourage residents to use public means during weekdays should also be put in place to minimize the heavy traffic on the road.

Lastly, the study recommends that to keep up with the pace of the expansion and technological changes, the council should hire consultants to advice on how to deal with emerging challenges posed by the environmental changes.

5.4 Limitations of the Study

The study was done in the City Council of Nairobi and thus may not reflect the true situation in other councils in Kenya. The second limitation of the study was the fact that it was a sample study. Samples do not completely represent the characteristics of the population due to errors. Thirdly, the response rate of 85% might have reduced the accuracy of research findings to some extent. Lastly, some respondents did not provide all the information thus depriving some data required for the study.

5.5 Suggestions for Future Research

This study was done on the City Council of Nairobi only. A similar study should be replicated in all local authorities in Kenya as a whole. Similar studies can also be done on other councils in Kenya and in other countries to determine their strategic responses to the changes in the environment.

REFERENCES

Andrews, K. (1971, **The Concept of Corporate Strategy** Homewood, Illinois, Dow-Jones-Irwin.

Ansoff, H. I. (1965), **Corporate Strategy**. McGraw-Hill, New York.

Ansoff, H. I. (1990), **Implanting Strategic Management.** 2nd Ed, New York, Prentice Hall.

Aosa, E. (1992). An Empirical Investigation of Strategy Formulation and Implementation within Large, Private Manufacturing Companies in Kenya. **[Unpublished PhD thesis]** Glasgow, University of Strathclyde.

Bower, J. L., and Christensen, C. M. (1995), Disruptive Technologies: Catching the wave. **Havard Business Review**, January/February, pg 45.

Chaffee, E. E., "Three Models of Strategy". **Academy of Management Review**. 10(2), 1985, PP 89-98.

Chandler, A. (1962), **Strategy and Structure:** Chapters in the History of American Industrial Enterprise. Cambridge Massachusetts, MIT Press.

Drucker, F. (1954), **The Practice of Management**. Harper and Row, New York.

Glueck, F. W., and Jauch, L.R. (1984), **Business Policy and Strategic Management.** McGraw-Hill, New Delhi.

Harvey-Jonness, J., **"Introduction to Strategy".** In Ansoff, H.I., "The Concept of Corporate Strategy." McGraw-Hill, 1965 (Revised 1987).

Howe, S., (1993) **Corporate Strategies,** Macmillan, London.

Hoffman, R., and Hegarty, H (1989). Convergence or Divergence of Strategic decision processes concerning Nations in Shimba. Aspects of strategic planning in Kenya's Financial sector. **Unpublished MBA project paper**, University of Nairobi, 1993.

Hunger, J. D., Wheelen, T. L., (1989). **Strategic Management**, Year 2000. The Global Millennium, 7th Edition Prentice Hall (UK) Ltd.

Johnson G. and Scholes K., (1999). **Exploring Corporate Strategy,** London, Prentice Hall.

Karambu J. K., (2005). The strategic responses to changes in the Environment by the Cooperative Bank of Kenya Limited. **Unpublished MBA project paper**, University of Nairobi, 2005.

King, S. S., (1997), **Lessons from recession in Central and Eastern Europe**: From survival to continuo improvement. Ns from Recession: A management and communication perspective, State University of New York Press, pp 151-178.

Kiptugen E. J., (2003), The strategic responses to Changing Competitive Environment: the case study of Kenya Commercial Bank, **Unpublished MBA thesis,** University of Nairobi.

Migude, F. A., (2003) strategic responses by the Kenya Broadcasting Corporation to increased competition, **Unpublished MBA thesis,**

University of Nairobi.

Mintzberg H., "The Strategy Concept I: Five P's for Strategy". **California Management Review,** 30(1), Fall 1987.

Mintzberg, H., (1994), **The Rise and Fall of Strategic Planning**. London, Prentice Hall.

Mugenda, M. O., and Mugenda, A. (1999) **Research Methods:** Quantitative and qualitative Approaches. African Centre for Technology Studies, Nairobi, Kenya.

Mugambi, M. G., (2003), The strategic responses of Tourists Hotels to Changes in the Environment. A case of Tourists Hotels in Nairobi, **Unpublished MBA thesis,** University of Nairobi.

Mum ford, E. and Pettigrew, A. (1975), **Implementing Strategic Decisions**. Longman Group Limited.

Muturi J. G. (2003), Strategic response by Christian Churches in Kenya To changes in the external environment: A case of Evangelical Churches in Nairobi. **Unpublished MBA project paper**, University Of Nairobi.

Mpungu, A. M., (2005), The strategic responses to changing Environmental conditions; A case of AAR Health Services limited, **Unpublished MBA Thesis,** University of Nairobi.

Mwanthi, J. W., (2003), Strategic Response of BAT (K) Limited to current Environmental Challenges, **Unpublished MBA Thesis,** University of Nairobi.

Mwarani, J. M., (2003), Responses by Insurance Companies in Kenya to Changes in the environment, The case of Kenya Re, **Unpublished MBA Thesis**, University of Nairobi.

Njau, M. (2000), Strategic Responses by Firms Facing Changed Competitive Conditions E.A.B. Ltd, Nairobi, **Unpublished MBA. Thesis,** University of Nairobi.

Pearce II, J. A. and Robinson, R. B. (1991) **Strategic Management,** Formulation, Implementation and Control, Irwin McGraw-Hill

Pearce II, J. A. and Robinson, R. B. (2005) **Strategic Management**, McGraw – Hill, Irwin

Porter, M. E., (1980) **Competitive Strategy**, The Free Press, New York.

Porter, M. E., (1996) "What is strategy". **Havard Business Review**, 74 pp61.

Quinn, J. B., "Strategic Change: Logical Incrementalism" Sloan **Management Review**, Fall1978.

Schneider, S. C., and Meyer, A. D., (1991). Interpreting and responding to strategic issues, **Strategic Management Journal**. Volume 12 pp 307 320.

Whitington, R., (1989). **Corporate strategies in recession and Recovery**, Social structure and strategic choice, U.K. Heinemann, London.

APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

LETTER OF INTRODUCTION

March 2006

Dear Respondent,

REF: REQUEST FOR RESEARCH DATA

I am a postgraduate student at the University of Nairobi, pursuing a course leading to a Masters degree in Business Administration (MBA). In a partial fulfillment of the requirements of the stated course, I am conducting a Management Research Project entitled, "**A survey of strategic responses of firms to environmental changes in Kenya: A case of Nairobi City Council**". To achieve this, you are one of those selected for the study. I kindly request you to fill the attached questionnaire to generate data required for this study. This information will be used purely for academic purpose and your name will not be mentioned in the report. Findings of the study, shall upon request, be availed to you.

Your assistance and cooperation will be highly appreciated.

Yours truly

Kubunya P. M.
Student
University of Nairobi

Mr. Jaleha
Supervisor
University of Nairobi

APPENDIX 2: QUESTIONNAIRE GUIDE

SECTION A: RESPONDENTS PROFILE

1. Please state your position in the organization_____

_____

2. Please indicate the number of years you have served in your position by ticking an appropriate box below.

(a) 0-5 years [ ]

(b) 6-10 years [ ]

(c) 11- 15 years [ ]

(d) 16-20 years [ ]

(e) Over 20years [ ]

3. What are your three major roles in your position? Please indicate below.

_____

_____

_____

_____

_____

SECTION B: CHALLENGES FACING THE CITY COUNCIL OF NAIROBI

4. Please list down the major environmental changes that you have witnessed affect the operations of the Nairobi City Council within the last five years.

_____

_____

_____

_____

_____

5. What challenges have the changes posed to the City Council of Nairobi?

_____

_____

_____

_____

_____

SECTION C: RESPONSES

6. Does your institution have a vision statement?

Yes [ ]

No [ ]

7. If yes, please write it down

_____

_____

8. Does your institution have a mission statement?

Yes [ ]

No [ ]

9. If yes, please write it down

_____

_____

10. Does your institution have a documented strategic plan?

Yes [ ]

No [ ]

11. Has the city Council of Nairobi responded to the environmental changes?

Yes [ ]

No [ ]

12. Please explain in details how the City Council of Nairobi has responded if at all, to each of the changes.

13. Are there some changes that the City Council of Nairobi has not responded?

Yes [ ]

No [ ]

14. If question 13 above is yes, please explain why.

15. Is there anything special that the City Council of Nairobi has done to improve its competitiveness? Please explain.

16. Which areas in your opinion have improved in the organization during the last five years?

17. In your assessment, does the City Council of Nairobi possess the necessary capability to adopt aggressive strategies to match the environmental changes?

Yes [ ]

No [ ]

18. Assuming that you were today given an exclusive power as an individual to steer the City Council of Nairobi to a point where it can be able to cope with the environmental changes, please list the specific activities you would undertake as a matter of priority.

THANK YOU FOR RESPONDING