RESPONSE STRATEGIES ADOPTED BY OILIBYA (KENYA) LIMITED TO CHANGES AFFECTING THE OIL INDUSTRY

SUSAN WAMBUI NDEREVA

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

OCTOBER, 2010

DECLARATION

This is my original work and has not been presented for a degree in any other University.

Signature.................................... Date 13/11/2010

Reg. No. D61/71268/2008

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

Signature.................................... Date 13/11/2010

Professor Evans Aosa

School of Business

University of Nairobi

ACKNOWLEDGEMENT

I wish to express my sincere gratitude to the following people and department who in one way or the other gave me the much required support and made completion of this study possible: To my supervisor for all invaluable advice, suggestions and creating time to guide me during the research period. To the Oilibya (Kenya) limited management team who gave me the support in my research work enabling to complete successfully. And to my friends and family, thank you for the encouragement.

DEDICATION

This research paper is dedicated to my family and friends. Thank you for the love, support and always being therefore me. God bless you.

ABSTRACT

The environment in which organizations operate is dynamic and changes from time to time. Organizations are open systems and thus cannot operate without interactions with the environment. Organizations are linked to the environment by strategy. They have to adopt strategies that match the environment in order to be successful. Response strategies are important to companies since they operate in an environment that is constantly changing. When companies do not consider their response strategies or rather do not match the environment they operate in, they are likely to fail and become less competitive in the market. Companies are required to scan the environment and develop matching strategies to remain competitive in the market.

The study done was about response strategies adopted by Oilibya (Kenya) limited to changes affecting the environment. The objectives of the study were to establish the response strategies adopted by Oilibya and to establish the challenges encountered while implementing the response strategies. Oilibya (Kenya) company operates in a competitive environment and to remain successful it has to develop response strategies that match the environment.

The research design was a case study. This design aids the researcher in getting wholistic view of an event or situation. a view that includes the context as well as the details. The unit of study was Oilibya (Kenya) limited. Primary data was collected through interviews by the help of an interview guide which enhances in-depth data collection.

The data collected was analyzed by use of content analysis. From the research findings it was clear that Oilibya develops new response strategies from time to time to match the external and internal environment. The response strategies are required to be simple, clear and easy to implement. Oilibya faces major challenges while implementing the response strategies which at times make the organization not to achieve their goal and objectives.

The researcher encountered some limitations during data collection. The respondents targeted were the departmental heads and the company's Managing Director. The Managing Director was not available for the interview but the researcher was able to cover up his absence by getting comprehensive information from the departmental heads.

The study wishes to recommend further research on the critical success factors for the implementation of response strategies. This is mainly because successful implementation of strategies is a major challenge to organizations.

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The research project is a study on how organizations remain competitive in the environment which is constantly changing. Organizations are open systems thus they can only survive through constant interaction with the environment. Organizations get their input from the environment which they process and give output which the environment may accept or reject.

Organizations are linked to the environment by strategy which can be defined as a game plan to win the market. Organizations being open systems develop response strategies which should match the environment in order to remain competitive. The response strategies differ from one organization to the other depending on the context.

1.1.1 Organization and Environment

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their strategies (Pearce and Robinson, 2005). Response strategies adopted by companies reflect the firm's internal strengths and the opportunities faced in the external environment.

The alignment between strategy and environment lies at the center of strategic management. Correct alignment helps a firm maximize the economic benefits from resources, improve the effectiveness of operations, and boost the fulfillment of its strategic goals. Response strategies differ from operational responses in several ways. While operational responses are short-term and focusing more on efficiency of operations, response strategies are long-term in nature, embracing the entire organization and more concerned with the organization's effectiveness (Migunde, 2000). Response strategies also involve large amounts of resources, and decisions relating to them are made at corporate and business level.

As the operating environment changes, a more pronounced transformation of the business landscape is imperative. Therefore, response strategy is vital to the adaptation of the changing business environment. According to the Government of Kenya economic survey (2002), implementation of structural adjustment programme and subsequent market liberalization opened the Kenyan market, leaving businesses at the mercy of market forces. As a result, businesses faced increased competition and registered low profits and even losses. This could probably be attributed to lack of response strategy practices.

According to Porter (1980), globalization, modern technology and knowledge transfer have contributed to the enormous expansion of industry over the years. This has in turn increased competitive pressures and contributed to the turbulent environment. Response strategies require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organization's strategy is not matched to its environment, then a strategy gap arises. Porter (1985) affirms that it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant.

1.1.2 Oil Industry in Kenya

Oil is Kenya's major source of commercial energy and has, over the years, accounted for about 80% of the country's commercial energy requirements. Demand for oil in Kenya is quite small due to the country's underdeveloped economy, which is heavily dependent on labor intensive and rain-fed agriculture systems. The domestic demand for various oil products fuels on average stands at 2.5 million tons per year, all of it imported from the Gulf region, either as crude oil for processing at the Kenya Oil products Refineries Limited or as refined oil products (Kenya Economic Survey, 2008).

Prior to liberalization in October 1994, a significant feature of Kenya's oil industry was a relatively high level of government, direct participation, and a correspondingly low level of private sector involvement. Seven marketing and distribution companies were responsible for procuring and importing their own oil.

Since liberalization, many new companies have been licensed by the government to engage in oil products trading, especially import and export, wholesale and retail of oil products. However, despite this initiative, only about ten new entrants are actively trading with a market presence of less than 10% of the market share due to tariff and non-tariff barriers to entry.

According to latest reports from oil industry of Kenya, some major names of global oil and gas industry have expressed interest in executing exploration activities in Kenya.

This has lead to Kenya oil industry supporting any overseas company that wants to look for oil and gas resources in Kenya. Upstream oil industry of Kenya is just about modest but is still very important as petroleum is a major fuel source for Kenya. The newest major market entrance in the Industry is Oilibya, which is operated by Libya Oil (Kenya) Ltd - LOKL,

1.1.3 Oilibya Kenya

Libya Oil Kenya Limited is the local subsidiary of Tamoil Africa Holdings Limited (TAHL). TAHL group is fully owned by the government of Libya through the Libyan-African Investment Portfolio (LAP), a government agency set up in 2006 to spearhead a five billion US Dollar investment plan in Africa. Oilibya was formed with a corporate vision 'To be Africa's leading and most respected partner in shaping African energy and empowering African born prosperity', while its mission statement is: 'To energize our people and delight our partners by providing responsible energy solutions'. Under the brand name 'Oilibya', LOKL operates 67 stations country wide through a dealer network. It operates a lubricant blending plant in Mombasa, terminals in Nairobi, Mombasa and Eldoret and has a presence at the Kenya Pipeline Company (KPC) depots in Western Kenya. It also operates its aviation business through the two main airports in Kenya. The business covers the sale and marketing of a range of quality Lubricants, Fuel to retail and commercial customers, L P Gas, Chemicals and Special products. LOKL also provides services such as ATMs and Chemist outlets at select retail outlets. LOKL has also partnered with Innscor (K) Limited to provide a comprehensive back-court offering that includes quality food brands and convenience retailing stores.

The oilibya range of products provides you with an opportunity to protect your most valuable investment in equipment using a unique blend of high performance virgin base oils and advanced additive systems. Libya oil has a dynamic, experienced team of experts that work towards ensuring reliable product supplies, flawless delivery and high product quality.

1.2 Statement of the Problem

Organizations are open systems and operate in a constantly changing environment. Organizations are required to match their strategies to the environment in order to survive and remain competitive. Correct alignment helps a firm to maximize the economic benefits from resources, improve the effectiveness of operations and boost the fulfillment of its strategic goals. Oilibya in not an exemption and to remain competitive it adopts new response strategies to match the environment and remain competitive in the market (Pearce and Robinson, 2005).

The oil industry often attempt to benchmark competitors to cope with changes and enhance other key business processes. The industry can hardly be regarded as a model of innovation. Indeed, its tradition, probity, and established ways of doing business have been a source of pride to the sector as developed by changes by instability by world oil prices. Therefore, the oil industry, which has been characterized by its "tried and tested" processes of product delivery, is greatly affected by environmental changes.

Various researchers have studied the state of industries in Kenya in relation to response strategies adopted by various organizations in coping with changes. Wanjere (2004) proposed that companies should be more involved in strategic marketing and especially as they operate in competitive and turbulent environments. Similar studies such as Kombo (1997) on the motor vehicle franchise holders, Muturi (2000) on the East African Breweries and Thiga (2000) on the airline companies confirm that firms respond differently to environmental challenges. Mwanthi (2003) did a case study of response strategies to environmental challenges by British American Tobacco while Cheluget (2003), studied the responses of milk processing firms to increased environmental turbulence with emphasis on New KCC Limited. Oluoch (2003) studied the perceived attractiveness of the freight forwarding industry in relation to Porter's modified framework.

Previous studies have dwelt very much on service industry companies while only a selected few have focused on companies in the commodity sector. Various studies have been carried out by earlier researchers on response strategies but the context of the study changes thus importance of this study. Therefore, as the business environment continues changing and presenting new challenges, it is important that the existing knowledge from these previous studies be updated. This study will therefore fill the existing void by answering the question: what are the response strategies adopted by Oilibya (Kenya) Limited to cope with changes affecting the oil industry?

1.3 Objectives of the Study

The research would help to investigate the objectives of the study, these were;

i. To establish the response strategies adopted by Oilibya (Kenya) Limited to cope with changes affecting the oil industry.

ii. To establish the challenges faced by Oilibya (Kenya) Limited while implementing response strategies to cope with changes affecting the oil industry

1.4 Importance of the Study

The study will add to the existing and growing body of knowledge on the concept of response strategies. It will enhance and give clear explanation on the theory explaining the relationship between organizations and environment. This will show how strategy links the two. It will help to sensitize companies in Kenya on the importance of response strategies and raise their awareness of the concept.

The companies in the oil industry will gain from the documentation and analysis of the response strategies and this will help them evaluate their current strategy and plan for the future. The scholars and academicians in the area of management will find this study as a useful source of reference in the future for purpose of discussions as well as further research in the same field. In addition, policy makers will benefit from the issues and insights raised in the study that are important in developing response strategies framework.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the past studies on response strategies in relation to the dynamic environment. Response strategies in a changing business environment are discussed and the benefits of response strategies in a competitive environment. In addition, challenges affecting response strategies are also discussed in details.

2.2 Organizations and Environment

Understanding the environment is key to the firm's success. The environment consists of external and internal aspects of the firm which a strategist needs to understand, monitor and position the organization to manage the opportunities and threats thereof. A study of key variables such as political, economic, social, technological, ethical and legal (PESTEL) factors is desirable. PESTEL and SWOT analysis techniques have been used in the past to scan the environment. Each level of environmental turbulence has different unique characteristics, requires different strategies and requires different firm's capabilities thus there is need for continuous strategic diagnosis. Environmental turbulence is a combined measure of the changeability and predictability of the firms environment. Changeability is measured by degree of complexity and challenges while predictability is measured by rapidity of change and visibility of the future (Johnson et al., 2005).

As any of these factors changes, it affects the competitive environment in which organizations operate. So understanding how PESTEL factors might impact on and drive change in general is only really a starting point. Managers need to understand the key drivers of change and also the differential impact of these external influences and drivers of particular industries, markets and individual organizations. It is particularly important that PESTEL is used to look at the future impact of environment factors which may be different from their past impact.

A SWOT analysis summarizes the key issues from the business environment and the strategic capability of an organization that are most likely to impact on strategy development. This can be useful as a basis against which to judge future strategic choices. The aim is to identify the extent to which the current strengths and weaknesses are relevant to and are capable of dealing with the threats or capitalizing on the opportunities in the business environment (Johnson et al 2008).

Organizations are linked to the environment by strategy which can be defined as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder's expectations. The two levels of strategy are corporate-level strategy and business-level strategy (Mintzberg 2002).

Response strategies adopted by companies reflect the firm's internal strengths and the opportunities faced in the external environment. Strategy will also consider how best to deal with internal weakness and avoid external threats. Internal new venturing is a strategy employed when a company has a set of valuable competencies in its existing business than can be leveraged to enter a new business area (Hill and Jones, 2001). Science based companies use their technology to create market opportunities in related area mainly through internal new venturing. A firm can also use this strategy to enter and compete in a new business area or an emerging market where there are no established players. Joint ventures as a strategy is adopted where a firm sees an opportunity in a growth industry but is unable to undertake the risks and costs associated with the project. Restructuring is a strategy for reducing the scope of a firm by exiting some business areas. In many cases, companies restructure to divest from diversified activities in order to concentrate on their core business (Johnson et al., 2005).

2.3 Response Strategies in a Changing Business Environment

Strategy is about winning and can be defined as a plan of actions which are intended to lead organizations to success. Critical changes in the environments change the rules of the game and force managers to make dramatic changes in their basic strategies, to abandon well-established policies and to adopt new ones. Therefore, the ability to adapt to such critical and radical changes in the external environment is a key determinant of competitive advantage and organizational survival (Kaya and Seyrek, 2005; Noble et al., 2002). There are various response strategies adopted by organizations to adapt to the environmental changes and includes

First, price-based strategies help organizations in dealing with the different consumers in the market. There are consumers who look value of the commodity in relation to price paid. There may be price sensitive customers who cannot afford or choose not to buy better quality goods. Organizations at times opt for low-price strategy. It seeks to achieve a lower price than the competitors whilst trying to maintain similar perceived product or service benefits to those offered by competitors (Johnson et al., 2008).

Secondly organizations adopt differentiation strategy. The strategy seeks to provide products or services that offer benefits different from those of competitors and that are widely valued by buyers. It is the ability of a company to provide unique and superior value to the buyer in terms of product quality, special features, or after sale service. The organization may then charge a premium for its product. Differentiation is a viable strategy for earning above-average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price (Johnson et al., 2008).

Competitive tactics are strategies adopted by organizations to cope with the environmental changes. Tactic is a specific operating plan that details how a strategy is to be implemented in terms of when and where it is to be put into action. A timing tactic deals with when an organization implements a strategy. Advantages of being a first mover are that a company is able to establish a reputation as an industry leader, move down the learning curve to assume the cost leader position and earn temporarily high profits from buyers who value the product or service very highly. Late movers may be able to imitate the technological advances of others, keep risks down by waiting until a new market is established and take advantage of the first mover's natural inclination to ignore market segment. Other tactics include market location tactics and defensive tactics (Wheelen 2008).

A strategic alliance is a partnership of two or more corporations or business units to achieve strategically significant objectives that are mutually beneficial. Many alliances increase profitability of the members and have a positive effect on firm value. It is likely that forming and managing strategic alliances is a capability that is learned overtime. Cooperative arrangements between companies and business units fall along a continuum from weak and distant to strong and close. The types of alliances range from mutual service consortia to joint ventures and licensing arrangements to value –chain partnerships (Wheelen 2008).

Organizations invest in information and technology as a strategy to win and maintain customers. The world is more technological and in service industry this can be attributed to use of cards to purchase and pay for services offered, ordering and purchase of goods through online systems. The process is more convenient to customers they will opt for such organizations. Game theory is a strategy concerned with the interrelationship between the competitive moves of a set of competitors. The central idea is that the strategists have to anticipate the reaction of competitors. There are three core assumptions in this. First, that a competitor will behave rationally and always try to win to their own benefit, second that the competitor is in an interdependent relationship with other competitors. So all competitors are affected by what other competitors do. Third, that to a greater or lesser extent competitors are aware of the interdependencies that exist and of the sorts of move that competitors could take. This is more when competitors are following similar strategies or have similar characteristics or where competitors are targeting the same market segments.

While in a market system value creation (read profit) is not bad, profit within the context of a firm's procurement is somewhat problematic. Customer focus insists that data collection eventually leads to relationship. But what does relationship mean? Almost universally, relationship means understanding the customer based on knowledge of the customer (Gulati & Oldroyd, 2005; Jayachandran, et al., 2005; Boulding, et al., 2005). The important thing is what the firm does with this understanding. Authors report many different uses for this understanding. Gulati and Oldroyd note that some companies use this information simply to predict future customer behavior for the purpose of more efficient marketing activities (doing what companies have always done, only being more efficient at it). Jayachandran, et al. finds many companies who simply wish to distinguish profitable from unprofitable (or less profitable) customers. Others desire developing new and/or different products to fill customer needs (Boulding et al., Johnson & Selnes, 2004) or the ability to match customers to existing products (Johnson & Selnes). Some companies use this understanding as a way of developing customer loyalty (Gulati & Oldroyd) and developing long-term relationships.

Rapid globalization is one of the most salient aspects of the new millennium, particularly since the fast development of information technology (IT) in the last two decades (Brown, 1999). To different observers, different types of globalization can be identified even though most of the attention is in the areas of economy, technology, and culture (Brown and Lauder, 1996). According to Cheng (2000, 2001), there should be multiple globalizations, including technological globalization, economic globalization, social globalization, political globalization, cultural globalization, and learning globalization in the new millennium.

Global response strategy is concerned with managing a firm's relationship with the global business environment (Thompson & Strickland, 2002). More specifically, it is concerned with strategies for managing the challenge of international competition. The global business environment is both locally and foreign based. This is because the global business challenge is pervasive or omnipresent. Globalization strategy makes sense in those cases where there are strong pressures for cost reductions and where demands for local responsiveness are minimal.(Brown & Lauder, 1996) However, the strategy is inappropriate where demands for local responsiveness are high. Companies that pursue a global strategy focus on increasing profitability by reaping the cost reductions that come from experience curve effects and location economies. (Melkote 1991) That is, they are pursuing a low cost strategy. The production, marketing and research and development activities of companies pursuing global strategy are concentrated in a few favorable locations (Brown, 1999).

In order to achieve a competitive advantage, strategy needs to focus on unique activities. Operational effectiveness is necessary but not sufficient for achieving a sustainable competitive advantage (Porter, 1985). As competitive intensity has increased, so has the rate of innovation (Hill and Jones, 2001). Companies strive to gain and advantage over their competitors by pioneering new products, processes and ways of doing business. The result has been to compress product life cycles and make it more vital for companies to stay of the leading edge of technology. Even though globalization has increased both the threat of entry and the intensity of rivalry within many formerly protected national markets, it has also created enormous opportunities for companies in those markets (Lall, 1995).

2.4 Benefits of Response Strategies

According to Kotter (2007), a business will not survive in the long term unless it re-invents itself. In an effort to achieve efficient organizational structures, change is inevitable as a way of reducing costs and improving operational efficiency. Graham (2007) opines that change is necessary in organizations as maintaining the status quo can lead to stagnation as markets and customers move on, competition evolves and changes, and so do the stakeholders.

Any company that is a by-stander on the road to the future will watch its structures, values and skills become progressively less attuned to the industry realities. Such discrepancy between the pace of industry change and the pace of Company change, gives rise to the need of organizational transformation. According to Kotter (2007), transformations often begin and begin well when an organization has a new head who is a good leader and who sees the need for a major change.

Companies that innovate reap all the advantages of a first mover. They acquire deep knowledge of new markets and develop strong relations with them. Innovators also built reputation of being able to solve most challenging problems. To create a new business, a company has to regenerate its core strategies including, its market, distribution channels, customers and competitors. If Managers don't have reasonably clear and detailed answers to tomorrow's questions, or if the answers are not significantly different from today's answers, then there is little chance that their companies will remain market leaders.

Most companies' underperformance is due to breakdown between strategy and operations. Many Companies have learned how discussions about bad operations inevitably drive out discussions about good strategy implementation. When Companies fall into this trap, they soon find themselves limping along, making or closely missing their numbers each quarter but never examining how to modify their strategy to generate better growth opportunities or how to break the pattern of short term financial shortfalls.

2.5 Challenges Faced While Implementing Response Strategies

When strategy fails to achieve expected results it is often because the strategy execution was flawed. The failure to execute is a major concern of executives because it limits organizational growth, adaptability, and competitiveness. Executives are not judged by the brilliance of their strategy, but by their ability to implement it. The challenge is how to close the gap between strategy and actual results. Shortcuts such as repackaging existing projects which appear to support the new strategy, cannot work because while strategic plans can be copied, execution cannot be duplicated. Execution must address the intangibles of cross functional integration, reward systems, and cultures as well as the tangibles captured in most planning documents. For many firms, false starts, delays and confusion characterize implementation.

2.5.1 Budget Constraints

Most response strategies are hurdled by the financial constraints during the time of their implementation. It is important, particularly at the business level, to integrate non-financial measures such as market share or market growth in the budget, so that one can better assess the extent to which improved competitive strength is being achieved as well as the extent to which deviations are due to changes in the business attractiveness. Also, since most budgets will be based on operating departments, it is important to superimpose key non-dollar factors that would signal whether the strategic programs are proceeding on schedule. The concern for financial measurement accuracy in the budgets seems to have jeopardized the concern for relevance in some companies' budgets.

The various program alternatives need to be economically evaluated in two respects. First, there are different ways to achieve a particular strategic implementation action and these alternatives should be compared. A cost/benefit analysis is needed, but unfortunately is done too often on narrow grounds. By only looking at the financial costs and benefits without taking a strategic risk-assessment into account one might easily pursue the less favorable project or fail to search for less risky alternatives (Porter 1985).

To assess risk in this strategic context three steps of analysis must be carried out: a specific assessment of which budgetary factors might significantly affect the response strategy's success; an assessment of the degree of predictability of each factor; and an assessment of one's own potential for responding to a particular environmental development to ameliorate adverse effects or to take advantage of favorable developments. Thus, the choice of plan alternative should put major emphasis on maintaining strategic flexibility. Unfortunately, a too narrow financial analysis typically seems to take place which does not pay proper attention to maintaining strategic flexibility. The second aspect of the economic evaluation of the response strategizing activities relates to the aggregation of strategic programs into an overall "package" for the division. Many businesses do not take existing programs into account when choosing the overall "package" of strategic programs; thus, the continued relevance of existing strategic programs is not examined.

2.5.2 Time Constraints

Many response strategizing managers have resorted into unrealistic and unattainable response strategy schedules. It is easy to ignore reality at times when developing a schedule and to skip some fundamental steps in completing the schedule. Very often, everything may look good on paper but the result may deviate significantly from reality. One of the ways of ensuring that paper designs are in tandem or synergistic with reality is to ensure that the response strategies schedule correctly addresses dependencies between response strategy tasks. When designing response strategies schedule, it is always good to keep in mind how some activities relate to other activities and define them accordingly. Establishing clear dependencies between tasks and having a true understanding of the critical path, (the string of tasks that are the longest point between the start and finish of the response strategy) is the most important component of any building construction response strategy schedule. Pacelli (2004) established that one other way of ensuring that the response strategy schedule is realistic is to make sure that the response strategizing schedule is not too long, the response strategizing team understands it clearly and all the response strategy tasks produce useful deliverables.

The objective of communication management is to promote effective communication between the response strategizing team members and key stakeholders. One needs to develop a communication plan, which describes who needs what information, when he/she needs it and how it will be given out.

2.5.3 Management and Organization Structure

Undeniably coordination is critical to the performance of any firm. The specialist implementation skills possessed by a mid-level marketing manager as an individual do not fully contribute to the organizational skills base, unless these individuals can coordinate their efforts. The challenge for any manager is how to coordinate the efforts of talented employees within a limited time frame and to ensure that the aims and mission of the intended marketing strategy is clearly understood. Firms can aid this process through rules, directives and routines (Grant, 2002). Coordination deals with only the technical problem of integrating the actions of mid-level marketing managers within firms. Cooperation, however, concerns the building mechanisms that link individuals in ways that permit them to perform given tasks, such as implement the marketing strategy effectively.

Despite the negative connotations associated with hierarchical and top-down approaches to marketing management, it is argued that such structures are essential for creating a conducive marketing strategy implementation environment (Dobni, 2003) that facilitates coordination and cooperation.

In this way, we argue that for response strategies to be implemented efficiently by mid-level marketing managers the firm must display a degree of hierarchical style and bureaucratic structure. Power should be located at the apex of the hierarchy and delegated downward, while the achievement of coordination and cooperation remain paramount. Moreover, for high levels of coordination and cooperation, how similar senior marketing executives ideas are with that of the ideas of mid-level marketing managers in terms of the marketing strategy in question has been recognized as key in the creation of an atmosphere conducive to effective marketing strategy implementation (Noble 2002).

2.5.4 Poor Monitoring and Evaluation of Performance

Monitoring and evaluation come into play at the shakedown phase in response strategies development. Poor monitoring and evaluation of response strategies can easily bring down response strategies where they are at the threshold or the completion stage. Milestones and targets are important to keep track of progress. Achievements should be measured against response strategy goals. The progress of the response strategies should be monitored actively through set milestones and targets.

Two criteria may be used, response strategy management based criteria should be used to measure against completion dates, costs and quality. Then operational criteria should be used to measure against the production system. Monitoring and feedback include the exchange of information between the response strategy team members and analysis of user feedback.

There should be an early proof of success to manage scepticism. Reporting should be emphasized with custom report development, report generator use and user training in reporting applications (Sumner, 1999). Management needs information on the effect of response strategy on response strategy performance. Reports or processes for assessing data need to be designed. These reports should be produced based on established metrics. It must include effective measurable response strategy goals that meet response strategy needs and are reasonable. Additionally, performance should be tied to compensation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This was a case study carried out on the Oilibya (Kenya) Ltd. Case study research excels at bringing us to an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. According to Bryman (1989), most qualitative research is in fact a form of case study and these studies have strong emphases on context.

Researchers have used the case study research method for many years across a variety of disciplines. Case study aids the researcher in getting a holistic view of an event or situation, a view that includes the context as well as the details; ability to lead to a more complete understanding of some aspect of a person, group, event or situation due to the case study method's richness in details; the methods capability to satisfy the three parts of a qualitative method namely describing, understanding and explaining.

3.2 Data Collection

The study utilized both secondary and primary data. Secondary data was drawn from internal circulars, newsletters and articles written about Oilibya limited. It was also be obtained from Oilibya website. Primary data was obtained through personal interview and discussions.

Primary data can be obtained through telephone interviews, mail questionnaire, personal interview and direct observation. In this study interview guide was used since it allows greater flexibility, opportunity to probe, greater control of the interview situation. Researcher can clarify doubts and ensure that the responses are well understood by repeating or rephrasing the questions thus improving the quality of the information received.

The interview guide was administered to departmental heads at Oilibya Kenya limited. These were the heads of different departments' mainly marketing, finance, operations, human recourses and the managing director who would give the overall view. Few other employees were interviewed to get a clear understanding and collect as much information as possible. The respondents were reached through personal interview with the researcher. Their consent was sought in form of a letter explaining the purpose of the study. Confidentiality of their responses was guaranteed through the same letter assuring them that it would be preserved

3.3 Data Analysis

Organization of data from interview transcripts and observation notes was the first step in the analysis process. This involved thorough reading, editing, cleaning up the interview notes entry into the computer. Data was then analyzed by use of content analysis to arrive at analytical conclusions. The researcher studied causal relationships and theoretical statements emerging from the interview by comparing the responses from each of the interviewees.

According to Cooper & Schindler (2003), content analysis can be used as a tool for handling open ended questions as it measures the semantic content of the 'what' aspect of a message. Its breadth makes it a flexible and wide ranging tool that may be used as a methodology or as a problem specific technique. They further noted that more recent interpretation have broadened the definition to include latent as well as manifest content, the symbolic meaning of message and qualitative analysis. Content analysis guards against selective perception of the content, provides for the rigorous application of reliability and validity criteria and is amenable to computerization.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the data findings, analysis and interpretation. The main objective of the research was to investigate the response strategies at Oilibya (Kenya) Ltd where the case study research design was used. The research was conducted through interview of the operations manager and the marketing managers and human resource officer of the company. The interview guide was used to obtain information from the interviewees. The structured interview guide is suitable because of it makes the study more interactive hence facilitate the gathering of information from the respondent. The target respondents were the human resource officer, the operation's managers, the head of marketing and any one of the other heads of departments involved in strategic and policy issues in the Company. Data collected from the study was qualitative in nature and therefore analyzed through the content analysis.

The section is divided into three sections including the organization profile of the interviewees company, the different response strategies adopted by oilibya and challenges encountered and benefits accrued.

4.2 The Organization Profile

The OILIBYA brand was successfully launched into the Kenyan market at the end of 2007 and since then, it has created a niche for itself as a brand in the oil industry that is committed to pleasing its customers. The company assumes responsibilities which includes recognizing the opportunity to maximize its values to the business, Procurement is responsible for the "Purchase to Pay" process and will efficiently and effectively execute procurement and payables activities, procurement activities are to be conducted or developed to achieve the lowest Total System Cost or highest profit contribution. Total cost evaluation will not only be based on price but will include, but not limited to , safety considerations, capability and consistency, financial stability, internal and external costs, commercial terms, delivery schedules, inventory implications and after - sales service and procurement Professionals will determine the optimum procurement approach and Clients will be involved in the process.

4.3 Response Strategies Adopted by Oilibya.

According to the research findings, Oilibya ((Kenya) limited adopted different response strategies in order to remain competitive in the market which includes

4.3.1 Market penetration Strategy

Market penetration focuses on increasing market share of the firm by increasing the use of existing products in the present markets. This can be done by encouraging existing customers to buy more products frequently through advertising, giving price incentives for increased usage, persuading competitors' customers to switch to your products through advertising and promotion. The other approach to market penetration involves identifying and promoting alternative uses of the same products within the existing markets.

According to the findings, all interviewees unanimously agreed that, their organization uses market penetration strategy. The depth of sales of a particular product in a given market, the deeper the penetration and the higher the volume of product sales. In order to expand the sales of current products in markets where their products are already being sold, marketers utilize market penetration strategies such as cutting prices, increasing advertising, obtaining better store or shelf positions for their products, or innovative distribution tactics. The company has developed very strong partnerships with its distributors to ensure that its products achieve a large market share. This is done through offering better terms and margins than the competition in view of its lower cost structure arising from investment in efficiency programs. The procurement's objective for the company is to deliver superior services by consistently meeting business expectations, achieving the lowest total cost for commodities procured, contributing to corporate profitability and helping the business gain competitive advantage. To achieve these expectations will require alignment of our goals and strategies with those of the business functions and advocacy of Procurement's principles. Business will be conducted in a responsible manner, whilst working to promote a team environment and complying with all Company Policies. Communication with clients will be open, timely and complete. Suppliers selected to participate in the Company's activities will be chosen on the basis that they are competitive, reputable, capable and committed to meeting the Company's expectations.

4.3.2 Market Development

Market development is a strategy involving marketing present products (sometimes with cosmetic changes) to new market segments/areas. This can be done by increasing the channels of distribution to reach other market areas or segments, opening additional geographical markets locally, regionally or internationally and advertising in alternative media to reach other segments.

There are several challenges that are encountered in pursuing market development strategy; this includes high costs of advertising the products mostly with the print media. There is also a limitation in the area of coverage.

4.3.3 Product Development Strategy

Product development involves substantial modification of existing products or the creation of new but related products to be marketed to the existing customers through the existing channels. This is done through developing new products features to adapt to different areas or uses; modifying the form; magnify the size, strength or value of the product, developing products of different qualities to suit various customers segments and developing new products for other uses.

Petroleum is the flagship product for Oilibya (Kenya) Ltd contributing about 46% of the revenues in 2007. The study highlighted that apart from petroleum, the Oilibya (Kenya) Ltd also produces other related products designed to serve different purposes for various market segments. The respondents indicated that product development strategy has presented various challenges including; high research and development and marketing costs since the modified product appears as a new product to the already existing market hence there is need to provide enough information about the product.

4.3.4 Diversification Strategy

Diversification represents a distinctive departure from the existing operations; typically the internal generation or acquisition of a separate business that are related to the existing business in terms of technology, market or products. It may also be unrelated diversification where an organization moves beyond its current value system, industry and current technology and competencies.

For diversification, Oilibya has held further discussions with state-owned Ethiopian Airlines and the private construction company, Salini Costratori, the major customers of former Shell Ethiopia. The Ethiopian oil market, which had for years been dominated by the foreign based Total, Mobil, Agip and Shell, has recently been penetrated by the Kenyan Kobil and the Sudanese Nile Oil, and now the Libyan OiLibya.

At the same note the company gets involved in the corporate social responsibility, these are activities that involves giving back to the community. It includes environmental conservation projects, promotion basic education in the community and helping the hunger stricken places in the countries they operate in.

4.3.5 Generic Strategies

These are strategies developed by Michael Porter consisting of three general types of strategies that are commonly used by businesses to achieve and maintain competitive advantage. These three generic strategies are defined along two dimensions: strategic scope and strategic strength. The strategies include cost leadership strategy, differentiation strategy and focus strategy.

The generic strategies are applied by the company using different approaches as discussed. Cost leadership strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market. Some of the ways that the firm acquires cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

According to the operations manager, Oilibya (Kenya) Ltd has adopted a competitive cost structure by investing in state of the art plant technology to achieve international costs and quality benchmarks. He reckons that the company promotes an entrepreneurial management culture with strong management and operational teams that focuses on creating value in the organization.

In order to successfully implement the cost leadership strategy Oilibya (Kenya) Ltd also recognizes the importance of its suppliers and consider them as partners in progress. The company therefore promotes efficiency in its entire supply chain by setting standards and creating awareness for its suppliers to adopt international benchmarks. As a result of this Oilibya (Kenya) Ltd has consistently improved its margin over the years. The operations manager however noted that the company has encountered enormous challenge in pursuit of this strategy mainly due to the high cost of energy which is a major input for the running of its production plants and high cost of transportation and logistics cost due the poor roads and infrastructure. To address the issue of energy costs the company together with the other players in the market has petitioned the government to invest in the power sector in order to lower the costs.

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. The respondents were unanimous that because of the nature of its products, it would not be in Oilibya (Kenya) Ltd's interest to use a differentiation strategy and hence the company has not pursued it.

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist. The respondent were unanimous that Oilibya (Kenya) Ltd has not pursued a focus strategy due to the nature of its business which is characterized by low margins and high volumes and hence the need to sell to the mass market.

4.4 Other Research Findings

On whether the company uses existing facility to manufacture new products, existing channels to market new products to existing customers or operate outlet channels to distribute current products

The company uses the existing facility to manufacture new products. This assists the company to make greater production at a reduced rate since the old facilities are used other than new equipments. It also uses the existing channels to market new products to the existing customers. From the interviews carried out the Oilibya (Kenya) Ltd Company has exploited this option hence it has an advantage of the already existing channels

The research showed that the organizational approach adopted in carrying out unrelated business is mainly opening new business in a different industry and use existing resources to produce new goods .This was explained by the fact that the company has a ready market and hence the biggest challenge would be creating awareness of the new product. While using the existing resources to produce new goods helps reduce on expenses.

Installing new production line for new products targeting new markets, proved to be very expensive hence not applicable. While acquiring a license to market new products to new markets, took along period to be implemented.

4.5 Challenges Faced by Oilibya while Implementing Response Strategies.

Majority of the interviewees agreed that there are many challenges facing strategy implementation for market penetration. These include inadequacy plant and clinker capacity at the company and high energy costs. Oilibya (Kenya) Ltd is planning to invest an additional Kshs 1 billon in the current year to expand capacity from the current 200,000 metric tonnes to 300,000 metric tones of crude fuel. The company is able to finance its expansion strategies from internal sources through retained earnings as well as through debt raised through the capital markets.

The interviewees reckon that regional expansion presents unique challenges in form of legal and regulatory which exists in different countries. There are also other country specific trade barriers like local component requirements, ownership structure and product standards. Operating in different jurisdictions also exposes the company to foreign exchange risks. Oilibya (Kenya) Ltd has dealt with these challenges through incorporation of local subsidiaries with some local ownership in the country of operations as well compliance with other legal and regulatory requirements. The Head of Finance noted that the foreign exchange risk is addressed through a costs plus pricing which also takes into account the foreign exchange fluctuations.

Other challenges include the heavy investment outlay required to establish production, distribution and marketing capacity in a foreign country. The company has had to invest substantially in sales, promotions and advertising in order to make its products create awareness and demand for its products in these countries. Oilibya (Kenya) Ltd has also adopted a strategy of raising finance from the specific country of operation thereby overcoming the foreign exchange risks and also increasing the level of 'ownership' from the locals.

High production cost due developing products of different qualities to suit various customer's segments or developing new products for other uses. The marketing manager also noted that the company has dedicated sufficient resources for enhancement of brand awareness and distribution network.

The company is able to address the challenges by preparing a flexible budget which helps them to cater for any extra expense in marketing, advertisement or in production. The use of the already existing channels also helps the company cut down on expenses of venturing into new markets. To keep pace with changing customer needs the study highlighted that Oilibya (Kenya) Ltd has been investing heavily in research and development in collaboration with other institutions in the respective industries.

4.6 Discussion of Results

Research studies carried out in the past by others scholars such as Muturi (2000) on the East African Breweries and Kombo (1997) on the motor vehicle franchise holders showed out that organizations are linked to the environment and cannot operate successfully without developing strategies matching the environment. Scanning of the external environment is important in that organizations are able to establish PESTEL factors that affect its operation. When an organization understands the environment in which it operates in, it can develop well defined strategies that helps it to remain successful and a market leader (Johnson et al., 2005).

The research carried out on response strategies adopted by Oilibya to changes affecting the oil industry clearly shows that Oilibya is not an exception. Oilibya scans the internal and external environment to establish the correct response strategies to adopt. The company has been able to remain competitive in the oil market in Kenya by developing clear strategies in coping with the pressure coming from the external environment. Oilibya (Kenya) limited comes across challenges while implementing the response strategies and at times they are not able to realize the set objectives.

Organizations are required to match their response strategies to the environment in order to survive and remain competitive. Correct alignment helps a firm maximize the economic benefits from resources, improve the effectiveness of operations, and boost the fulfillment of its strategic goals (Pearson and Robinson, 2005). The theory on interaction between the organization and environment was well demonstrated in the research study in that the findings conform to the theory.

Oilibya (Kenya) limited is linked to the environment by strategy. It gets inputs from the environment in terms of market demand, processes and gives out to the environment in terms of products and services. The company scans the environment more often to understand the demand and be able to develop response strategies that would match the environment it operates in.

The study showed that the environment is not predictable at times, and organizations have to be ready all the time. If they are to remain competitive, companies have to invest more in marketing in order to develop a unique and competitive brand in the market.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The objectives of this study were: To establish the response strategies adopted by Oilibya (Kenya) limited to cope with changes affecting oil industry, to establish the challenges faced by Oilibya limited when implementing response strategies to remain competitive.

5.1.1 Response strategies in Oilibya (Kenya) limited

From the findings, Oilibya is one of the competitive oil companies in Kenya but it faces stiff competition in the market. It offers diverse products and services ranging from lubricants, fuels, LPG and outlets which offer other businesses opportunities like chemists and shops. The Oilibya range of products provides the consumers with an opportunity to protect their most valuable investment in equipment using a unique blend of high performance virgin base oils and advanced additive systems. The products are suitable for use in a wide variety of industries including commercial transport, passenger transport, construction quarrying, cement and manufacturing, among others. This enables the company to live their vision which is 'To be Africa's leading and most respected partner in shaping African energy and empowering African born prosperity' and mission which is 'To energize our people and delight our partners by providing responsible energy solutions'.

According to the findings of this study, all interviewees were unanimous that, their organization uses market penetration, market development, and product development and diversification strategy. It was also clear that Oilibya (Kenya) Ltd has positioned itself as a low cost producer with a view to increasing their profit margins and also passing on some of the benefits of this strategy to their stakeholders like the distributors, staff and community through corporate social responsibility initiatives.

Depth of sales of a particular product in a given market The deeper the penetration, the higher the volume of product sales In order to expand the sales of current products in markets where their products are already being sold, marketers utilize market penetration strategies such as cutting prices, increasing advertising, obtaining better store or shelf locations for their products, or innovative distribution tactics. Market penetration can also be pursued though identifying and promoting alternative use of existing products in the current markets with minimal modification. It was also clear from this that this strategy may be limited if the firms production capacity is not sufficient due to low materials constraints.

5.1.2 Challenges faced by Oilibya while implementing response strategies

There are several challenges that are encountered in pursuing market development strategy; this includes high costs of transporting the products and/or raw materials to the new markets and the costs of advertising the products in both electronic and print media. There is also a limitation in the area of coverage. The interviewees noted that opening additional geographical markets locally or internationally has many challenges due to the different legal and regulatory requirements in various jurisdictions. It is also clear that these challenges may be addressed through location of factories in the areas of operations and incorporation of subsidiaries companies with limited local ownership in the country of operation. Outsourcing of the distribution networks and development of close partnership is key in managing efficient and effective distribution network.

Based on the outcome of the study, it was clear that product development strategy has been successfully applied by Oilibya (Kenya) Limited. It is also evident that for a firm to pursue this strategy it should have adequate resources for investment in research and development, creating production capacity as well as marketing of the new products to the existing and new markets. Access to the capital markets is therefore essential for firm to be able to mobilize resources for these undertakings.

The company also uses the strategies developed by Michael Porter consisting of three general types of strategies that are commonly used by businesses to achieve and maintain competitive advantage. These three generic strategies are defined along two dimensions: strategic scope and strategic strength.

Oilibya develops new strategies more often to be able to match the environment though they face a major challenge in that the environment is dynamic and at times more often than expected. However more benefits are accrued when the company scans the environment and adopts strategies that match the environment. As a result oilibya has been able to maintain its position in the market and its brand is more marketable.

5.2 Conclusion

The establishment of sub-unit in the marketing department was meant to analyze the market continuously and determine the changes required to make the company the market leader and be more stable in the oil industry. The sub-unit does its work but is not able to fully implement the o derived strategies due to internal challenges which include budget constrains and monitoring and evaluation. Since the liberalization of the sector that witnessed the entry of new players to engage in import, export, wholesale and retail business, the impact of the new entrants in the industry has however been insignificant due to prohibition entry barriers, denying the economy, the investments gains of the market and competitive pricing of petroleum products. For the company to make a mark in the local market, it is important to have the requisite infrastructure, bulk supply contracts, provide an avenue for marketers to consolidate their strength. The cost of business has risen and with liberalization giving advantage to smaller and more nimble players, big companies use to triple digit profit growth are finding terrain slippery.

The Kenyan fuel market has been hard to crack with marginal difference in pricing. Pump prices are high, the net earnings have been low more so for multinational with stage overhead. From the research findings the marketing department are viewed as lesser important by other departments like finance. It is important that the management recognizes that the marketing department equals the others, more so it brings the business and makes the company's brand. The department should not be overlooked.

It is evident from the study that the major problem lies not with the response strategies but with the implementation and evaluation of the response strategies. The company should therefore establish a vigilant monitoring and evaluation unit which can explain well the strategies to implementers making sure the strategies are well understood.

The study concludes that just like Oilibya (Kenya) limited, other firms may use the Ansoff response strategies or the Porter's generic strategies. The firm can also use a combination of the Ansoff response strategies and the Porters generic strategies. The combination of the two sets of strategies was shown as beneficial as the strategies complement each other. Application of any response strategies presents various challenges to the firm. A firm wishing to pursue growth must therefore put in place sufficient resources to be able to counter these challenges. Market development across national borders has unique challenges due to the need for the firm to comply with laws and regulation in various countries. Apart from the different legal frameworks in different countries, there are also varied social cultural settings which must be surmounted for the firm to effectively develop a new market for its products. There are many reasons for pursuing a diversification strategy, but most pertain to management's desire for the organization to grow.

Companies must decide whether they want to diversify by going into related or unrelated businesses. They must then decide whether they want to expand by developing the new business or by buying an ongoing business. Finally, management must decide at what stage in the production process they wish to diversify. Also Ideas for new products can be obtained from basic research using a SWOT analysis (Strengths, Weaknesses, Opportunities & Threats), market and consumer trends, company's R&D department, competitors, focus groups, employees, salespeople, corporate spies, trade shows, or Ethnographic discovery methods (searching for user patterns and habits) may also be used to get an insight into new product lines or product features.

5.3 Recommendations

The following recommendations were proposed as the way forward in enhancing the competitiveness of Oilibya (Kenya) limited. The response strategies developed should be clear, simple to understand and implement. This will ensure that the employers have a clear understanding of the direction which the company is heading to. By the heads of departments understanding the overall strategies, they will be able to formulate departmental strategies that are in line with the corporate strategies. Once the strategies are well understood, implementation will be easier and of interest to all. Each department should be mandated to develop strategies that would help in achieving the company goals.

Developing strategies should be important to all heads of departments and it is important they are consulted. Other employees should also be involved in developing the response strategies. This will help in making the employees feel part of the company, important and their views valued. In this way, they can be able to implement their part with ease and interest.

Budget constrain is a major challenge to the marketing department. It is important to note that the department plays a major role in making oilibya the brand of choice in the market. The percentage of the budget funds allocated should be increased and whenever a marketing campaign arises it should be fully supported by all the departments. It is also important for marketers to get more exposure both locally and internationally to get new strategies used in similar environment of operation. Scanning of the environment should be wholesome. All the pestle (political, economical, social, technological, ethical and legal) factors are important in designing the response strategies. The company should always have a plan 'B' if a particular strategy fails or seem less effective.

The company should also maximize on its strengths and leap more from them. This will help in supporting productivity of other areas which may be lagging behind. It is important that oilibya understands its market rivals well and also get to know their strategies and how to counter them. This will help in counter attacking when necessary. Oilibya should also expand their stations network country wide to capture new markets that are not well captured. Having the different energy products in one station would give it an advantage of being a one stop shop.

Successfully implementing response strategies is not easy for any organization and effective steps have to be put in place to ensure successful implementation. Management of the company needs to have the required knowledge, expertise and skills before they can agree and embark upon an implementation programme. In addition, the management needs to learn from others as to what has worked in other firms and what has not. In essence a number of actions need to be taken in order to increase the likelihood of success. These include; setting up a steering committee, identifying the norms, values and behaviors for the organization's people, agreeing a plan of action, implementing that plan and reviewing progress. Furthermore, the plan of action needs to be sensitive and in line with the organization's history and future. Therefore each organization will need to identify its own unique approach, as "off the shelf" packages are not readily associated with success.

However, by far the most important element of that plan is that leaders "walk the talk", get involved in the process and never let their enthusiasm wane. Achieving successful strategic plan takes time, energy and resources from everyone within the organization, an endeavor that is totally worthwhile given the positive impact of strategic planning. The study also recommends that managers be on the look for any possible factor that has an implication on the operations of the business and respond appropriately.

The researchers also recommend that the responsible government personalities be on the look out to control the unhealthy competition. This will assist the upcoming and the existing companies from exploitation. Technology is important invest in, since the world is global village. By oilibya offering more efficient electronic trading consumers will get more convenience and these can be a strategy to lock them in. product packaging should be more unique to make products more attractive and appealing to customers.

5.4 Limitations of the study

The research data collection targeted departmental heads including the managing Director who would give the overall overview. However, not all the respondents were available. The managing director was not contacted because he had travelled for business matters during the time of the study. Getting appointment was also a hectic due to the tight schedule of the departmental heads.

However, the other departmental heads interviewed gave compressive information that covered up any gap not filled by the absence of the managing director. To get the strategies in use at the time of the study was hard but this was overcome by the assurance to the respondents that the data was confidential and would only be used for academic work.

5.5 Suggestions for future research

The study wishes to recommend further research of the critical success factors for the implementation of response strategies. This is because the research came across various other challenges and factors affecting growth of Oilibya (Kenya) Ltd Company in the course of study. The study established that response strategies are not only hard to develop but also poses a challenge when implementing.

Further studies should be done on the response strategies in other companies and industries, this will help any business realize good profits while helping it be in a position to either plough back the profits or strategize on diversification

REFERENCES

Barney J.B. (2005) Firm Resources and Sustained Competitive Advantage, *Journal of Management* 17(1): 99-120

Boeing (2005, November). *Vision 2016*. Retrieved August 20, 2007, from http://boeing.com/ companyoffices/financial/finreports/annual/06annualreport/assets/Boeing_06A_0 1.pdf

Brown, P., Lauder, H. (1996), "Education, Globalization and Economic Development", *Journal of Education Policy*, Vol. 11 No.1, pp.1-25

Brown, T. (1999), "Challenging Globalization as Discourse and phenomenon", *International Journal of Lifelong Education*, Vol. 18 No.1, pp.3-17

Brymsn, A. (1989), *Research Methods and organization studies*. Routledge, London.

Cheng, Y.C. (2000), "A CMI-striplization paradigm for reforming education in the new millennium", *International Journal of Educational Management*, Vol. 14 No.4, pp.156-74

Cooper, D.R. & Schindler, P.S (2003) *Business Research Methods*, 8th Ed.; Boston: McGraw-Hill, 2003

Dikmen, I. and Birgonul, M.T. (2003) Strategic Perspective of Turkish Construction Companies, *Journal of Management in Engineering.*, Volume 19, Issue1, pp.33-40

Govindarajan, V., & Trimble, C. (2005, Spring). Organizational DNA for strategic innovation. *California Management Review, 47*(3), 47.

Gulati, R., & Oldroyd, J. (2005, April). The quest for customer focus. *Harvard Business Review, 83*(4), 92.

Jayachandran, S., Sharma, S., Kaufman, P., & Raman, P. (2005, October). The role of relational informational processes and technology use in customer relationship management. *Journal of Marketing, 69*(4), 177–192

Johnson G., Scholes K., (2003), *Exploring Corporate Strategy*, Prentice Hall Of India New Delhi

Johnson G., Scholes K., & Whittngton R. (2005), *Exploring Corporate Strategy*, FT-Prentice Hall, 7th Edition.

Kaya, N., Seyrek, I.H. (2005), "Performance impacts of strategic orientations: evidence from Turkish manufacturing firms", *Journal of American Academy of Business*, Vol. 6 No.1, pp.68-72.

Lachapelle, P.R., McCool, S.F., & Patterson, M.E. (2003) Barriers to Effective Natural Resource Planning in a "Messy" *World Society and Natural Resources* 16, 473–490

Lall, S. (1995), *Governments and Industrialization: The Role of Policy Interventions*, United Nations Industrial Development Organization, Vienna

Lane, E.A. (2003). Obstacles to Implementing Response strategies: A Study of Honduran

Protected Areas. *Master's Thesis*. Duke University. USA.

Maddock, S. (2002), "Making modernization work: new narratives, change strategies and people management in the public sector", *International Journal of Public Sector Management*. Vol. 2 (2), 349-55

Mbayah, P W (2000) Strategy Practices within Commercial Internet Services Providers (ISPs) in Kenya, Unpublished MBA project, University of Nairobi

Melkote S.R (1991) Communication for Development in the Third World: Theory and Practice. New Delhi; Newbury Park, Calif.: Sage Publications.

Migunde F., (2000), *Response Strategies by Kenya Broadcasting Corporation to Increased Competition*, Unpublished MBA thesis, University of Nairobi

Mintzberg, H. and Waters, J. (1994), *Of strategies deliberate and emergent*, In Dc-Wit, B. Meyer. R. (Eds), Strategy Process, Content, Context, West Publishing Co.

Mintzberg H. (1987), *The Strategy Concept: Five Ps for Strategy*, California Management Review, 30, No.1, Fall 1987, pp 11-24

Mintzberg, H., Lampel, J. (2002) *The Strategy Process*. New Jersey, Prentice Hall

Noble, C.H., Sinha, R., Kumar, A. (2002), "Market orientation and alternative strategic orientations: a longitudinal assessment of performance implications", *Journal of Marketing*, Vol. 66 No.4, pp.25-40.

Pacelli, (2004) Building *and Construction Projects*: Technology and other aspects

Papke-Shields, K., Malhotra, M. (2001), "Assessing the impact of the manufacturing/operations executive's role on business performance through strategic alignment", *Journal of Operations Management*, Vol. 19 No.1, pp.5-22

Pearce and Robinson (2007) Strategic Management: Formulation, Implementation, and Control. 10th Ed.; New York: McGraw-Hill/Irwin

Pearce J. A, Robinson R. B, (2005) *Strategic Management Formulation, Implementation and Control, Irwin, Boston*

Porter M. (1985), *Competitive Advantage; Creating and Sustaining Superior Performance*, Free Press, New York

Porter M.E., (1980) *Competitive Strategy: Techniques for Analyzing Competitors and Industries,* Free Press, New York

Thompson A., Strickland A.J., (2002), *Strategic Management: Concepts and Cases*, Irwin, New York

Tsiros, M., Mittal, V., Ross, W.T. Jr (2004), "The role of attributions in customer satisfaction: a re-examination", *Journal of Consumer Research*, Vol. 31 No.2, pp.476-83.

Wheelen, T.L (2008) Strategic Management and Business Policy. Pearson, Prentice Hall

APPENDICES

Appendix I: Interview Guide

1. Which is your designation and how long have you worked with oilibya?
2. Have you read the Oilibya's current response strategy?
3. Has your division developed strategies for operation?
4. Are the strategies to be implemented by your Section clearly defined?
5. Who champions the identification and implementation of response strategies in your division?
6. Do you have adequate financial resources to facilitate attainment of your Divisional/Sectional objectives?
7. To what extent do the following factors cause the alteration of the company's mission and vision?

   Global changes

   Global brand positioning

   Environmental changes

   Social Cultural factors

   Management policies
8. Do government policies on e-business affect your company?

9. What improvements can the government undertake to assist Kenyan energy sector to deal with e-business?

10. Who are your major competitors in the energy sector?

11. What concrete response strategies does your firm have in place to deal with the following challenges?

    a. Globalization

    b. E-business trade

    c. Increased competition

    d. Market forces

    e. Technology change

    f. More knowledgeable customers

    g. Greater information flow