

**RESPONSES OF LIQUEFIED PETROLEUM GAS (LPG) BRAND  
OWNERS TO CHANGES IN THE OPERATING ENVIRONMENT IN  
KENYA**

**KENNETH KANJA MUCHIRU**

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF BUSINESS ADMINISTRATION (MBA) SCHOOL OF  
BUSINESS  
UNIVERSITY OF NAIROBI**

**NOVEMBER, 2010**

## DECLARATION

### STUDENT

I, the undersigned, declare that this project thesis is my original work and that it has not been presented in any other university or institution for academic credit.

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

**NAME: KENNETH KANJA MUCHIRU**

**Reg. D/61/P/8402/98**

### SUPERVISOR

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

Signed ..... Date .....

Prof Evans Aosa

Associate Dean

School of Business

University of Nairobi

## **ACKNOWLEDGEMENT**

I thank the Almighty God for the gift of life, the blessing of family, friends and good health.

I would like to express my sincere thanks to the supervisor Professor Evans Aosa for his invaluable guidance and advice throughout this research. I am especially grateful for his patience and commitment. Thank you and may God bless you abundantly.

## **DEDICATION**

To God Almighty, the giver of life.

To my family, for always being there for me.

To my parents, for the sacrifice, discipline and guidance to set me up for success.

To my brothers for the bond and believing.

To my wife, Margaret Wanjiru Kanja for the love and support.

To my daughter Serene Wanjiku Kanja, the centre of our lives.

To all my friends for their support and encouragement.

Thank you all and may God bless you abundantly.

## **ABSTRACT**

Organizations are in constant two-way interaction with the environment. According to Ansoff and McDonnell (2000) organizations are environment dependent and environment serving. They receive inputs from the environment, transform or add value to them, and return the outputs in form of goods and services back to the environment. They therefore affect and are affected by what happens in the external environment, which is beyond the organization's control. Environmental change creates pressure for change in the organization and this means that they have to respond to relevant external change to ensure that they survive.

The study used a census survey design to achieve the set objectives. This study sought to establish the responses of Liquefied Petroleum Gas (LPG) to changes in the operating environment. The target population for this study comprised of all LPG Brand Owners in Kenya. Marketing managers or Operations managers were chosen from each of the 7 LPG brand owners. Data was collected using questionnaires. The collected data was analyzed using descriptive statistics.

The study found that having a long term hospitality agreement would be a major response to changes in operating environment by LPG firms. Other responses changes in the operating environment by LPG firm revealed in this study were matching the competitor in price strategies they adopt, having an aggressive advertising campaign and working on establishing more outlets. Lobbying the government through Petroleum Institute of East Africa (PIEA) to tighten the legislation and licensing of LPG operators would also be a major response to changes in the operating environment by LPG firm.

Due to financial constraints and a short time frame within which the results of this study must be produced the study was limited to establishing the responses of Liquefied Petroleum Gas (LPG) brand owners to changes in the operating environment in Kenya. From the above recommendation the study recommends that further studies to be carried out to establish the impact of new Government regulations on the standardization of valves and cylinders. Further study can also be carried out on the perception of Safety and LPG handling by consumers.