

**RESPONSE STRATEGIES TO LEGAL CHANGES BY PLASTIC  
BAG MANUFACTURERS IN KENYA**

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FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD  
OF MASTER OF BUSINESS ADMINISTRATION DEGREE,  
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# **DECLARATION**

## **STUDENT'S DECLARATION**

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature: ..... Date: .....

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## **SUPERVISOR'S DECLARATION**

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

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## **DEDICATION**

I dedicate this project to God, the giver of life.

## TABLE OF CONTENTS

|   |             |
|---|-------------|
| <b>DECLARATION.....</b>   | <b>ii</b>   |
| <b>ACKNOWLEDGEMENTS .....</b>                                       | <b>iii</b>  |
| <b>DEDICATION.....</b>  | <b>iv</b>   |
| <b>LIST OF TABLES .....</b>   | <b>vii</b>  |
| <b>ABSTRACT.....</b>  | <b>viii</b> |
| <b>CHAPTER ONE: INTRODUCTION.....</b>                               | <b>1</b>    |
| 1.1    Background of the Study.....                                 | 1           |
| 1.1.1    Response Strategies .....                                  | 3           |
| 1.1.2    Organization’s Legal Environment.....                      | 5           |
| 1.1.3    Kenya’s Manufacturing Sector .....                         | 6           |
| 1.1.4    The Plastic Bag Manufacturers in Kenya .....               | 7           |
| 1.2    Research Problem.....  | 7           |
| 1.3    Objective of the Study.....                                  | 10          |
| 1.4    Value of the Study.....                                      | 10          |
| <b>CHAPTER TWO: LITERATURE REVIEW.....</b>                          | <b>12</b>   |
| 2.1    Introduction .....   | 12          |
| 2.2    Theoretical Foundations of the Study .....                   | 12          |
| 2.3    Response Strategies to Changes in the Legal Environment..... | 14          |
| 2.3.1    Operational Reponses .....                                 | 14          |
| 2.3.2    Strategic Responses .....                                  | 16          |
| 2.4    Summary of Knowledge and Literature Gaps.....                | 18          |
| <b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>                    | <b>19</b>   |
| 3.1    Introduction .....   | 19          |
| 3.2    Research Design.....   | 19          |
| 3.3    Population.....  | 19          |
| 3.4    Data Collection.....   | 20          |

|   |  |           |
|---|--|-----------|
| 3.5   | Data Analysis .....                                    | 21        |
| <b>CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION .....</b> |  | <b>23</b> |
| 4.1   | Introduction .....                                     | 23        |
| 4.2   | Response Rate .....                                    | 23        |
| 4.3   | General Information .....                              | 24        |
| 4.2.1   | Respondent Position in the Firm.....                   | 24        |
| 4.2.2   | Years of operation.....                                | 24        |
| 4.2.3   | Scope of operation .....                               | 25        |
| 4.2.4   | Number of employees .....                              | 26        |
| 4.4   | Changes in the Legal Environment .....                 | 26        |
| 4.5   | Response strategies by Plastic Bag Manufacturers ..... | 27        |
| 4.6   | Discussions of Findings .....                          | 30        |
| <b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION ....</b>  |  | <b>32</b> |
| 5.1   | Introduction .....                                     | 32        |
| 5.2   | Summary of Findings .....                              | 32        |
| 5.3   | Conclusion.....  | 33        |
| 5.4   | Implications of the Study to Practice & Policy .....   | 34        |
| 5.5   | Limitations of the Study.....                          | 35        |
| 5.6   | Suggestions for Further Research .....                 | 36        |
| <b>REFERENCES.....</b>  |  | <b>37</b> |
| <b>APPENDICES.....</b>  |  | <b>i</b>  |
| Appendix I: University Introduction Letter .....                  |  | i         |
| Appendix II: Questionnaire.....                                   |  | ii        |
| Appendix III: List Of Plastic Bag Manufacturers .....             |  | iv        |
| Appendix IV: Declaration On Plagiarism And Collusion.....         |  | v         |

## LIST OF TABLES

|  |    |
|--|----|
| Table 1: Position in Firm .....                                | 24 |
| Table 2: Years of Operation.....                               | 25 |
| Table 3: Scope of Operation .....                              | 25 |
| Table 4: Number of Employees .....                             | 26 |
| Table 5: Legal changes impact .....                            | 27 |
| Table 6: Response strategies by plastic bag manufacturers..... | 29 |

## ABSTRACT

Organizations survive or collapse partly as a function of their response strategies to challenges or opportunities stemming from the environment. To survive and maintain competitive advantage, organizations have to develop responsive and effective response strategies. The legal environment plays an important role in the operations of organizations. Therefore, managers have to continually scan the legal environment for changes, and develop response strategies that align with the environment, and the organization's adaptive capacity. The objective of the study was to determine the response strategies adopted by plastic bag manufacturers in Kenya to legal changes. The population of the study covered all the 14 firms based in Nairobi and Eldoret as registered by the Kenya Association of Manufacturers. A cross-sectional survey research design was used for the study and the primary data was collected through the use of semi structured questionnaire. The "drop and pick" method was used in collecting data. Three of these firms had shut down operations due changes in the legal environment and therefore, 11 questionnaires were distributed, 9 firms responded to the questionnaire. This represents a response rate of 64%. Descriptive analysis and inferential statistics was used to analyze the data. Descriptive statistics used included percentages, frequencies as well measures of central tendency that is the mean. Inferential statistics used one sample T- test at a test value 3 and significance level of 95%. The study showed that the Plastic Bag Manufacturing Firms were to a large extent impacted by the legal changes. The study found that the firms used restructuring, retrenchment and cost reduction strategies to a large extent in responding to changes in the legal environment. The study concludes that for plastic manufacturing firms to effectively respond to legal changes, it is paramount that they possess legal astuteness, interpret the legal currents correctly, and develop appropriate adaptive strategies. The limitation of the study was that some of the respondents were not willing to fill out the questionnaire due to confidentiality concerns. The study recommends that the management of plastic bag manufacturers to be judicious during the restructuring process, and do a cost analysis to identify the impact of compliance cost on the firms' competitive position. The study recommended areas for further research focusing on context, methodology and other variables.



# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Organizations survive or collapse partly as a function of their response strategies to challenges or opportunities stemming from the environment. Hence, they are constantly forced to review their response strategies to remain relevant, competitive and sustainable. The responses can take diverse forms contingent on the environment that an organization operates in as well as the challenges posed by it (Ansoff & McDonnell, 1990). An organization's legal environment plays a vital part in its operations, and therefore, need to respond to the regulatory currents (Powell & DiMaggio, 1991) to survive. Organizations respond to changes in the legal environment depending on their resources, activities and strategic direction. These responses are both operational and strategic in the form of influencing, compliance, compromise and avoidance (Oliver, 1991). Furthermore, Haveman, Russo and Meyer (2001) stated that organizations have to adjust their strategies, structures, and processes when legal changes occur. Accordingly, organizations must possess legal astuteness to identify current trends that directly or indirectly impact on their operations, then design a response strategy that allows it to work successfully within it.

Organizations do not operate in isolation but as open systems that are greatly affected by the environment as explained in the Open Systems Theory (Katz & Kahn, 1978). Katz and Kahn (1978) contend that since organizations are not self-contained, they interact with their environment for inputs and outputs. Organizations therefore change and adapt to environmental fluctuations from interacting with it. Contingency theory

clearly stipulates that there is no single best approach to organize and make decisions in organizations (Galbraith, 1973). This is because challenges and opportunities that arise in an organization's operating environment are unique to it, and the strategies adopted by it is dependent on the complexities of its environment. Environment Dependency Theory views organizations as environment dependent for critical resources to sustain their operations (Ansoff, 1979; Pfeffer & Salancik, 2003). The capability of an organization to secure resources is greatly important for its survival. Organizations that are able to acquire and maintain resources are in a better position to fulfil the requirements of the changing environment (Pfeffer & Salancik, 2003). For this reason, managers have to continually scan the environment for changes, and their impact on the operations of the organization to develop response strategies or modify existing ones based on its resources and capabilities for organizational success. These theories commonly view organizations as open systems that interact with the environment, which strongly influences their contingencies and response strategies.

Plastic bag manufacturers in Kenya do not operate in isolation but are open systems that operate and interact with the environment. They are impacted by the external environmental factors such as the economy, environmental health and safety, societal values and beliefs, government legislation and regulations, technological and political factors. As a result, the environment shapes them due to frequently adapting to the changes. Organizations can only achieve this through development of appropriate response strategies. The legal changes through the Gazette Notice No. 2356 that came into effect 28<sup>th</sup> August, 2017, has had an impact on the strategic, operational, structural and financial perspectives of the plastic bag manufacturers. This poses great challenge to their survival and sustaining competitive advantage. For this reason,

response strategies become critical in ensuring they adapt and cope with legal changes. The gazette notice is directed at plastic bag manufacturers, and it is for this reason they are selected for this study with special focus on plastic packaging bags and carriers.

### **1.1.1 Response Strategies**

Response strategies are the approaches that an organization undertakes to conform to the changing environment. These responses can be operational and or strategic in varied forms such as influencing, compliance, compromise and avoidance (Oliver, 1991). Strategic response is long term in nature, and impacts on the overall direction of an organization. It is defined as a series of choices and actions that lead to development and execution of plans aimed at attaining organizational objectives. (Pearce & Robinson, 2011). They include retrenchment, restructuring and diversification strategies. Operational response is the foundation of strategic decisions that set out the duties, activities and objectives in organizations. Porter (1980) observes that operational response is part of a planning process that synchronizes operational goals with those of the larger organization.

Influencing strategy entails attempts to deliberately influence governments, legislators and regulatory agencies that define industry regulatory structures through lobbying, media campaigns and political campaign funding (Watkins, Edwards & Thakrar, 2001). Compliance actions that organizations take to meet regulatory requirements. Compromise occurs when organizations attempt to balance, pacify or bargain with the policy makers and regulatory authorities, and avoidance is defined as an attempt by an organization to preclude the necessity of conformity. Organizations may seek to

influence legislators and regulators to circumvent the adverse impact of regulatory change (Dal Bó, 2006), avoid the regulation through launching new products and procedures (Funk & Hirschman, 2014) that are not addressed in the new regulation. Regardless of the response strategy adopted by organizations, their sustained survival and legitimacy, depend on their ability to comply with regulatory expectations (Dess, Lumpkin & Esiner, 2008). Consequently, this study focused on response strategies adopted by organizations when they comply with new regulations.

Organizations are able to survive and maintain competitive advantage through responsive and effective response strategies that match the unique environmental challenges they face. These strategies can be beneficial to the organization for reasons other than environmental change (Ndung'u, Machuki & Murerwa, 2014). On the other hand, developing a response strategy that matches the organization's environment is not an easy matter given the complex and dynamic nature of the environment (Oliver, 1991). Organizations struggle with their responses to legal changes since the regulations are often extremely complex and interdependent (Beardsley, Burgov & Enriquez, n.d.). Additionally, organizational constraints such as firm size and resources may cause organizations not to implement new regulations leading to business closure and performance loss (Gruca & Nath, 1994). These studies showed that for response strategies to bring about organizational survival, varied factors are at play such as strategy appropriateness, strategy alignment with the environment and the organization adaptive capacity. Due to these factors, organizations will not respond and adapt equally to the changes in the environment.

### **1.1.2 Organization's Legal Environment**

The legal environment plays a significant role in the operations of an organization. The legal environment constitutes regulations enacted by the government to govern how organizations operate (Geringer, 2012). Regulations enforce obligations on organizations, business enterprises, citizens and the government itself to boost economic growth, social well-being and environmental protection (OECD, 2015). These include employment law, health and safety law, discrimination law, competition law, consumer protection law, property and intellectual rights law, and environmental law (Melvin & Katz, 2015). The regulations can be categorized as economic regulations, social regulations, general and industry-specific. Economic regulations such as taxes, interest rates, quotas, tariffs, and subsidies intervene in the market. Social regulations are intended to protect the environment, health and safety of the society. General regulations apply across industries while industry specific regulations are focused on firms within a specific industry (OECD, 2015).

The government enacts or changes regulations as a response to public sentiments concerning firm policies, products and activities. The Kenyan government through the Gazette Notice No. 2356 that took effect 28<sup>th</sup> August 2017, banned the manufacture and use of carrier and flat plastic bags. These changes can be supportive or damaging to plastic bag manufacturers (Bagley, 2010; Aosa, 1996). Dethier et al. (2010) established that regulations have positive outcomes on organizations such as fair competitive environment, economic growth, job creation, environment protection, public health and safety. On the other hand, they negatively impact on the decision making and operating costs of organization. Pearce and Robinson (2011) noted that it becomes difficult for organizations to make decisions because of increased

uncertainty on the enactment of new regulations, and Stewart (2010) stated that regulations place compliance burden on firms, for example, replacement of machinery, redesigning office systems, purchase of protective gears, litigation costs, staff retraining and recruitment impacting on the operating costs. Regulatory change being a vital factor in organizations, enterprises and industries within an industry, it is of importance to focus on how plastic bag manufacturers have complied and implemented the new regulation.

### **1.1.3 Kenya's Manufacturing Sector**

Manufacturing sector is considered as a key factor in the achievement of Vision 2030 goal of transforming Kenya into a middle-income country. The manufacturing sector grew at 3.5% in 2016 contributing 9.2% to gross domestic product (Kenya National Bureau of Statistics, 2017). It is projected that the manufacturing sector contribution to GDP is to grow to 20% by the year 2030. The manufacturing sector spans a wide range of businesses that includes food and beverage production, metal products fabrication, pharmaceuticals and cement production and is characterized by both formal and informal firms. The informal manufacturing sector is concerned with small-scale manufacturing of farm instruments leather products, metal works, motor vehicle parts and household goods. The formal manufacturing sector employed 300, 900 people in 2016 accounting for 11.8% of the total labor force while the informal sector employed 2,710,200 people (KNBS, 2017).

Difficult business environment in Kenya is a key constraint on manufacturing sector growth (World Bank, 2014). The high cost of doing business has led the sector to lose its competitive edge to other countries in Africa. For the sector to grow, access to

capital is vital, good infrastructure for efficient movement of goods, dependable and reasonably priced electricity, skilled workforce to manage their operations, fair and streamlined regulations to be able to grow and compete (World Bank, 2014).

#### **1.1.4 The Plastic Bag Manufacturers in Kenya**

Plastic manufacture in Kenya can be tracked down to the 1930s with the plastic bags manufacturing forming a greater percentage in the sector (Oyake-Ombis, 2012). There are 176 plastic bag manufacturers employing 2.89% of all the labor force (Kenya Association of Manufacturers, 2017). Plastic bags are considered hygienic, cheap, durable, handy, and therefore widely used in several sectors, namely; manufacturing, trade, transport, agriculture, hospitality as well as with retailers and consumers as a key packing material (National Environment Management Authority, 2017). NEMA (2017) stated that a survey carried out in 2010 showed that estimated 24 million plastic bags are used in a month. Plastic Waste Management Strategy for Nairobi (2006) reports that out of the annual consumption of plastic bags, 82% are haphazardly dumped into the environment with serious environmental consequences such as air pollution and flooding due to blocked drainage systems risking the safety and health of people as well as animals. As a result, the Kenyan government under the Ministry of Environment and Natural Resources banned the use, manufacture and importation of carrier and flat plastic bags for commercial and household packaging.

#### **1.2 Research Problem**

Response strategy is central in dealing with challenges and opportunities in the environment that is constantly changing (Ye et al, 2010). Machuki and Aosa (2011) noted that for organizations to survive, they must adapt to their environment while

Boyd and Fulk (1996) posited that competitiveness of organizations is contingent on their ability to scan the environment they operate in, and adjust their response strategies accordingly. On the contrary, Suárez and Oliva (2005) pointed out that failure to develop appropriate response strategies can lead to loss of vital customer segment, a cost advantage in operating processes and threaten survival of the organization. Audia, Locke and Smith (2000) further contend that an organization's failure to address changes in its environment results into negative performance. Therefore, organizations must address changes in the environment employing a more dynamic tactic where better fitting strategies develop in response to change (Reeves, Deimler, Morieux, & Nicol, 2010).

Plastic bag manufacturers do not operate in seclusion but within an environment that directly or indirectly impacts on their operations and strategic objectives. Over the past decade, the manufacturers have experienced changes in regulations. In 2005 and 2007, the government banned plastic bags with less than 30 microns while in 2011, 60-microns (Goitom, 2017). In February 2017, the government banned the use of plastic bags, and manufacturing firms have been required to take necessary actions to ensure that the production, importation, sale and use of plastic bags in Kenya ceases (Gazette Notice No. 2356 (Feb. 28, 2017)). The legal changes present various challenges to the industry requiring the manufacturers to develop response strategies to survive or face being thrown out of business either by competitors, performance loss or legitimacy of their operations. The pertinent concern is how the manufacturers have coped with the changes in the legal environment as well as tackle the constraints, challenges and opportunities posed.



Various researches have been done on how organizations respond to changes in the environment both internationally, regionally and locally. Internationally, Tansey, Meng & Cleland (2013) found that construction firms in Ireland and United Kingdom adopted differentiation strategies to survive economic recession. Şener (2012) found that retrenchment and contract manufacturing for foreign firms were the most common strategies used by managers in Turkey based on their perception of environmental uncertainty. Levy and Kolk (2002) observed marked differences in responses of the four major oil firms (Exxon, Chevron, BP and Shell) in Europe and the U.S to global climate change. Some adopted adversarial political strategies while others pursued accommodative and technologically oriented strategies.

Locally, Mwangi (2007) found that East African Breweries Limited employed various strategic responses such as structure changes, outsourcing, product development and modification, market development, vertical integration, product differentiation and corporate social responsibility. Ndung'u, Machuki and Murerwa (2014) found that managers of commercial banks developed strategies based on perceived environmental scarcity, dynamism and complexity. Firms that operated in perceived munificent environments pursued growth strategies, and those in dynamism and complexity followed strategies based on alliances with other firms. Ogundo (2012) found that Women Enterprise Fund employed both proactive and reactive strategies that were based on cost reduction measures, partnerships, differentiation, restructuring and outsourcing of non-core services. Mwaniki (2015) found that Kenya Red Cross Society responded through strategic alliances and strategic positioning. Kimani (2008) found that small and medium audit firms responded through staff training, research and development, and change in systems.

Critical review of the above empirical studies suggest that the environment that organizations operate in is dynamic and competitive. Hence, organizations develop various response strategies to the changes in their environments to remain viable and sustain competitive advantage. The findings showed that adopting a particular strategy is dependent on an organization's operating environment. However, the above studies used different methodologies; Tansey, Meng & Cleland (2013) used pilot case study, Mwaniki (2015) and Mwangi (2007) used case studies. Furthermore, they were done in different time periods and contexts addressing different environmental issues. Consequently, the strategies identified are inapplicable to plastic bag manufacturers and therefore cannot be used to address issues faced by plastic bag manufacturers to legal changes. The studies cited above did not address the response strategies in the context of plastic bag manufacturers. For this reason, the study intends to address the aforementioned gap by answering the question on response strategies adopted by plastic bag manufacturers in Kenya to legal changes. What are the response strategies adopted by plastic bag manufacturers in Kenya to legal changes?

### **1.3 Objective of the Study**

The objective of the study was to determine the response strategies adopted by plastic bag manufacturers in Kenya to legal changes.

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

This study is anticipated to contribute to the existing literature in the area of strategy, and be useful to academicians for research purposes through identification of areas for

further research. Future researchers will find insights from the study findings on response strategies to legal changes when conducting research in this area.

The government through the Ministry of Environment and Natural resources will be able to formulate policies and regulatory frameworks that promote its objectives and that of the organizations as a result of the identified impact of regulations on organizations and the economy as a whole.

The study findings will facilitate understanding on response strategies employed by the managers of plastic bag manufacturing firms to changes in the legal environment. This will provide insight to manufacturers to identify response gaps for improvement and implement better response strategies to future legal changes.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the empirical literature of various scholars on response strategies and organizations' operating environment. This chapter comprises of theoretical foundations of the study, response strategies to changes in the legal environment and summary of knowledge and literature gaps.

### **2.2 Theoretical Foundations of the Study**

This study was premised on the contingency theory, environment dependency theory and open systems theory. Galbraith (1973) Contingency theory holds that there is no single best approach to organize or make decisions in an organization. This theory views organizations as open systems that are dependent upon the wider environment, and therefore, their response strategies are determined by the environment. Organizations perform best when they adapt their strategies and structures to fit their contingencies. Lawrence and Lorsch (1967) contend that an environment's degree of uncertainty, and rate of change impacts an organizations' internal structures and systems development. Thus, organizations whose internal competences aligns with its environmental contingencies attain the utmost adaptation (Scott & Davis, 2007). The environment and organizational factors determine the strategic direction of an organization. Different environments have varied political-legal, environmental, economical, technological, and social characteristics. An organization must assess and evaluate the environment to develop strategies addressing the different situations that arise for effectiveness and efficiency.

Ansoff (1979) Environment dependency theory view organizations as environment dependent or serving. Pfeffer and Salancik (2003) support this view noting that organizations as open systems are reliant on the environment for their existence. Organization survival requires acquiring critical resources from the environment. Dependence on the environment entails some uncertainty that any organization would seek to mitigate. Pfeffer and Salancik (2003) proposed mergers and acquisitions, diversification, joint ventures, co-optation and political action as some of strategies that organizations can use to minimize environmental dependences and decrease uncertainty about future growth. But, they further noted that this requires organizations to differentiate between small and huge impacts from their external environment to develop appropriate adaptive strategies or modify existing strategies to ensure organizational success.

Katz and Kahn (1978) Open system theory focuses on organizations' interaction with the environment in which they are involved. They state that organizations are not self-contained hence interact with their environment for inputs and outputs. While Pfeffer and Salancik (2003) stated that organizations as open systems routinely transact with others in their environment. Hillman, Withers and Collins (2009) pointed out that organizations being open systems are impacted by the external environment they operate in. This means that organizations change and adapt to environmental fluctuations as a result of interacting with it. Consequently, organizations collect and process information about the external environment which informs response strategies adopted.

## **2.3 Response Strategies to Changes in the Legal Environment**

Regulatory changes defines the structures, processes and activities of organizations as a result of the response strategies adopted. The strategies must be aligned with the product, business and corporate objectives of an organization, and tailored to its operating environment (Beardsley, Burgov & Enriquez, n.d.). Aosa (1992) observed that organizations respond differently due to the environmental factors that are prevailing in their external environment. Suárez and Oliva (2005) pointed out that changes in the legal environment impact organizations differently necessitating varied organizational responses. Regardless of the response strategy adopted by organizations, their sustained survival and legitimacy, depend on their ability to comply with regulatory expectations (Dess, Lumpkin & Esiner, 2008).

### **2.3.1 Operational Responses**

Operational responses are concerned with organizations' daily operations and centers on the efficiency of operations as well as performance. This centers on cost, quality, flexibility, dependability, and speed (Slack & Lewis, 2011). Regulatory changes influence manufacturing and delivery processes of new and existing products (Meyer & Dalal, 2000). Consequently, impacting on organization's products offerings and target market forcing them to develop new solutions based on operational strategies to survive and sustain competitive advantage.

Cost focuses on producing goods at a lower cost enabling an organization to provide products at a lower cost compared to competitors (Malburg, 2000). Regulatory changes impacts on the entire approach of product development by organizations that can increase or reduce productions costs. For organizations that focus on cost

leadership, they effectively manage the production costs by reducing overhead costs, inventory cost, raw materials cost, value added cost and production cycles time (Zhao et al., 2002). To realize a cost advantage an organization must analyze where production costs are highly incurred, and develop strategies to reduce costs in such areas to be able to lowly price their products.

Quality is defined as the extent to which an organization is adept in offering a product that live up to a customer's expectancy (Koufteros et al., 2002). Quality is also be described as the buyer's general perception of the comparative inferiority or superiority of the organization and its products. The facets of quality include; perceived quality, reliability, conformance, performance, serviceability, features, durability and aesthetics. Legal changes influence the current products set up or lead to introduction of new products that require new innovative development designs that improve quality. Quality can be achieved through performing tasks properly, procuring goods and services in a right manner and providing error free products that meet customer requirements.

Flexibility is regarded as an organization's capableness to conform and respond to environmental changes with minimal time and cost (Silva & Ferreira, 2017). Legal changes impacts on product offerings of an organizations that necessitates the integration of new requirements into products features and production processes. To meet the pressures on the new regulations organizations must exhibit flexibility in their operational processes. There are three dimensions of flexibility, namely; new product, delivery and volume flexibility. New product flexibility shows how an organization is innovative in launching new products to consumers (Chase et. al.,

2005). Delivery flexibility where an organization is able to change delivery time, and volume flexibility is an organization's capacity to vary the volume of production over a period of time. Flexibility can be through multi-skilled workforce, capacity utilization, wide range of product mix, use of versatile equipment and new technologies.

Speed and dependability. This relates to delivery of products. Speed refers to performing tasks fast, providing speedy delivery of products, as well as reducing the lead time. Regulatory changes impact on the relative success of modified and new products that meet the new requirements in the target markets. The delivery of products to the market is as a result of a chain of processes across a distribution network. Speed and dependability can be achieved through efficient capacity planning, inventory management, use of new technologies, efficient equipment, efficient scheduling and delivery systems, and multidisciplinary team approach.

### **2.3.2 Strategic Responses**

Strategic response refers to a reaction that is well planned and directed towards a particular change that has occurred or is expected to occur in an organization. They impact on the organization as a whole and long term strategic direction. These include retrenchment, restructuring and diversification strategies. Regulations affect the strategic responses of organizations that requires them to align their resources and activities to the specific legal changes (Wheelen & Hunger, 2008) to strengthen organizational performances.

Retrenchment strategies focus on rationalizing operations of an organization by reducing cost and assets at all levels resulting to improved sales, competitiveness and



profitability (Cascio, 2002). Organizations use this strategy to mitigate the costs associated with implementation of new regulations. Retrenchment strategies include turnaround strategy, divestment strategy and liquidation. Turnaround strategy entails reduction in operations in an effort to make the organization robust and sustainable in the future. Divestment strategy is where a firm chooses to sell one or more of businesses in its corporate portfolio. Moschieri and Mair (2008) point out that divestment takes place when a parent company do away with an asset, product line, facility or a subsidiary through sale. Liquidation occurs when an organization sells or closes the entire business operation. This strategy is considered an exit strategy for an organization that is not able to run its operations profitably.

Restructuring strategies are strategies through which an organization changes its set of businesses, business processes, elimination of non-core business and combination of related business functions. Apart from increasing efficiency and improving performance, organizations adopt restructuring to rationalize cost, escalate productivity, increase revenues, shareholders wealth and competitiveness (Lal, Pitt & Beloucif, 2013; Tsai & Yen, 2008). The restructuring strategies include downsizing, downscoping and leveraged buyouts. Downsizing is where an organization reduces the number of employees to adapt to changes in the operating environment. Downscoping occurs when an organization purges off unnecessary organizational layers to focus on core capabilities (Krasz, 2004). Palepu (1990) outlines leveraged buyouts as where a group of private investors use debt to purchase a corporation or a corporate division.

Diversification strategy entails entering new markets that are different from an organization's existing product lines or markets (Hope & Thomas, 2008). It entails

concentric, horizontal and conglomerate diversification. Concentric diversification is where an organization increase related products or markets. Horizontal diversification involves developing new or growing the range of products that meets current consumers' needs. Conglomerate diversification occurs when an organization diversifies into a business area that is completely unrelated to its current business. Firms diversify when faced with costly and difficult regulatory changes. Organizations diversify to those products and services that are not addressed in new regulations to survive, maintain profitability and regulation constraints.

#### **2.4 Summary of Knowledge and Literature Gaps**

From the literature reviewed, there was a consensus among researchers that adopting a particular response strategy is contingent on the operating context and the general happenings in the external environment of an organization. They affirmed that organizations adopt varied and different response strategies to changes in their environment (Ndung'u, Machuki & Murerwa, 2014; Levy & Kolk, 2002; Mwangi, 2007). However, international studies (Tansey, Meng & Cleland, 2013; Şener, 2012; Levy & Kolk, 2002) focused on different contexts. To fill this gap and to establish context specific response strategies to legal changes, it was important to conduct the research in Kenya.

Most local studies (Ogundo, 2012; Mwaniki, 2015; Ndung'u, Machuki & Murerwa, 2014) focused on different methodologies, context and time periods addressing different environmental issues making the strategies identified to be inapplicable to plastic bag manufacturers. This provides a basis to carry out research on how plastic bag manufacturers in Kenya respond to changes in the legal environment.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section outlines the methodology that was used in carrying out the study. It discusses the methodology used to gather data, analyze data and report the results. It comprises of research design, the target population, data collection method and data analysis techniques.

### **3.2 Research Design**

Cross sectional survey research design was selected for this study. The research design studies are carried out at a particular point in time or over a short period, and is conducted to investigate the state of affairs of either the entire population or a sample (Levin, 2006). The main advantage of the design is that it enabled the researcher compare different population groups at a single point in time.

A survey research seeks to discover and examine relationships among variables (Gable, 1994). Check and Schutt (2012) delineate survey research as collecting of data from a sample of individuals through responses to a set of prepared questions. Bell (as cited in Glasow, 2005) note that survey research is beneficial since it requires minimal cost to administer, and is relatively easy for making generalizations.

### **3.3 Population**

The population of interest for this study were all the plastic bags manufacturing firms in Kenya. There were 14 firms registered by the Kenya Association of Manufacturers (2016) located in Nairobi and Eldoret. The targeted population being relatively small,

a census survey was used for this study. A census survey encompasses study of all items belonging to a population.

Muriungi (2012) successfully used a census survey to carry out his research on strategic responses to environmental changes by firms in the packaging industry in Kenya, Ombok (2009) in his research on response strategies of international non-governmental organizations in Nairobi to changes in the macro environment, and Kimani (2005) in his research of response strategies of small and medium audit firms in Nairobi to regulatory changes affecting the audit industry.

### **3.4 Data Collection**

The study relied on both quantitative and qualitative primary data collection of relevant information needed for this research. Self-administered questionnaire designed to prompt for particular responses, containing both structured and unstructured questions was used to collect primary data. The structured questions had pre-coded responses that required the respondents to tick boxes to fill in the question, and an open question provided a blank space for respondents to write their own responses. The questionnaire had three sections; A, B and C where section A had general information questions, section B had a question on changes in the legal environment and section C had a question on response strategies to changes in the legal environment.

The “drop and pick up” method was used to administer the questionnaire. This method gave the respondents enough time to go through the questionnaire, and provide well thought-out responses. The questionnaire was administered to CEO or

the Director of plastic bag manufacturing firms because they are tasked with crafting and implementing response strategies for the firms. In the absence of the CEO or the Director, the Human Resource Manager was the respondent.

### **3.5 Data Analysis**

The data collected was analyzed using both quantitative and qualitative methods. The completeness of the data was checked to ensure that the questionnaire was dully filled. The questions and responses were coded for ease of data entry and analysis. Quantitative methods entailed both descriptive and inferential statistics. The descriptive statistics used included percentages, frequencies as well measures of central tendency that is the mean. Inferential statistics used one sample T- test at a test value 3 and significance level of 95%. The test value was based on 5- point Likert scale, where all the values were summed up and divided by the number of values on the scale. The T- test generated the mean scores, t-values and 2 tailed significance values. Mean scores shows the applicability of the response strategy to the firms, t-values shows if there are statistical differences among the firms in relation to the response strategies adopted to changes in the legal environment and result P-values (2 tailed significance values).

To measure the degree of dispersion the study used coefficient of variation which is the ratio of standard deviation to the mean. It measures the relative dispersion of a population in relation to its mean. It was used to find out how each variable of the study was far from the measure of the central tendency. The coefficient of variation are presents between 0 and 1, where a greater variance value indicates a significant

dispersion of the variable from the mean. The qualitative data was analyzed using content analysis.

## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION**

### **4.1 Introduction**

The objective of the study was to determine the response strategies adopted by plastic bag manufacturers to legal changes in Kenya. The first section focuses on the respondents' response rate, the second section general information of the respondent firms, the third section shows findings in relation to the impact of the legal changes on the firms and the final section shows the findings on response strategies adopted by the plastic manufacturers to changes in the legal environment. The data analysis was done through descriptive and inferential statistics in the form of measures of central tendency including percentages and frequencies.

### **4.2 Response Rate**

A total of 14 plastic bag manufacturing firms were targeted but three had shut down. Therefore, 11 questionnaires were distributed and 9 were returned dully filled. This represents a response rate of 64%. This response rate was sufficient for data analysis and conclusion on the response strategies adopted by plastic bag manufacturers to legal changes in Kenya. The response rate conforms to Rubin and Babbie (2009) stipulation that a response rate of 60% is good for data analysis and reporting. Both Ombok (2009) and Mwaluma (2014) considered a response rate of 60% to be adequate for data analysis and drawing conclusions.

### 4.3 General Information

This section provides the general information on the respondents. The information considered in the study was position of respondent in the firm, years of operation in Kenya, scope of operation, and the number of employees. Years of operation refers to the number of years the firm has been operating in Kenya, scope of operation is the geographical dispersion of the firm's operations while the number of employees refers to persons employed at the time of the research. The purpose of this information was to get a better understanding of the firms.

#### 4.2.1 Respondent Position in the Firm

The respondents were asked to indicate their position in the firm to ascertain whether they had enough experience give a reliable responses.

**Table 1: Position in Firm**

| <b>Position</b>        | <b>Frequency</b> | <b>Percentage</b> |
|------------------------|------------------|-------------------|
| Director               | 1                | 11.1              |
| Human Resource Manager | 8                | 88.9              |
| Total                  | 9                | 100.0             |

Source: Primary Data (2018)

The results in Table 1 show that all the respondents held senior positions in the organization with Directors at 11.1% and Human Resource Managers 88.9% who are representative of the CEO or Director considered to have enough knowledge and understanding of strategic and operational issues of the firms to provide credible responses to the research questions.

#### 4.2.2 Years of operation

The respondents were asked to specify the years they have operated in Kenya. This was necessary for the study as firms will have encountered the dynamics of the legal



environment in the course of their operation that required them to respond in one way or another to survive, and therefore objectivity of their responses to the research questions.

**Table 2: Years of Operation**

| <b>Years of Operation</b> | <b>Frequency</b> | <b>Percentage</b> |
|---------------------------|------------------|-------------------|
| 1-5                       | 1                | 11.1              |
| 15-20                     | 4                | 44.4              |
| above 20                  | 4                | 44.4              |
| Total                     | 9                | 100.0             |

Source: Primary Data (2018)

Table 2 shows that 11.1% had been in operation for between 1-5 years, 44.4% had been in operation for between 15 - 20 years, and 44.4% above 20 years. The results show that majority of the manufacturing firms have operated in Kenya for a longer period of time. Therefore, the respondents are able to provide better opinion on the actual impact of the legal changes and the response strategies adopted to effectively deal with the changes.

#### **4.2.3 Scope of operation**

The respondents were asked to indicate the scope of their operations. This was important for the study in order to establish the magnitude of legal changes impact. For this study, National denotes within Kenya, Regional within East Africa and International the rest of the World.

**Table 3: Scope of Operation**

| <b>Scope</b>  | <b>Frequency</b> | <b>Percent</b> |
|---------------|------------------|----------------|
| National      | 1                | 11.1           |
| Regional      | 6                | 66.7           |
| International | 2                | 22.2           |
| Total         | 9                | 100.0          |

Source: Primary Data (2018)

The results presented in Table 3 indicate that 11.1% operated nationally, 66.7% regionally and 22.2% internationally. Majority of the firms operated regionally at 66.7% which shows that the legal changes had a far reaching impact on their operations within East Africa.

#### 4.2.4 Number of employees

The study sought to determine the number of persons employed by the firms to ascertain their size.

**Table 4: Number of Employees**

| No.       | Frequency | Percent |
|-----------|-----------|---------|
| 1-50      | 1         | 11.1    |
| 51-100    | 4         | 44.4    |
| 201-300   | 3         | 33.3    |
| above 300 | 1         | 11.1    |
| Total     | 9         | 100.0   |

Source: Primary Data (2018)

Table 4 results indicate that 11.1% of the firms had between 1-50 employees, 44.4% had between 51-100 employees, 33.3% had between 201- 300 employees, and 11.1 % had above 300 employees. The result shows that majority of the firms are medium sized because of the considerable number of employees they have.

#### 4.4 Changes in the Legal Environment

The respondents were required to rate the extent of impact that the legal changes have had on the firms where 1 = “no at all”; 2 = “to a less extent”; 3 = “to a moderate extent”; 4 = “to a large extent”; and 5 = “to a very large extent”.

**Table 5: Legal changes impact**

| <b>Rating</b>          | <b>Frequency</b> | <b>Percentage</b> |
|------------------------|------------------|-------------------|
| to a less extent       | 1                | 11.1              |
| to a large extent      | 6                | 66.7              |
| to a very large extent | 2                | 22.2              |
| Total                  | 9                | 100.0             |

Source: Primary Data (2018)

The results in Table 5 indicate that 11.1% of the firms were to a less extent impacted by the changes in the legal environment, 66.7 % were impacted to a large extent while 22.2% to a very large extent. The results show that most of the firms were to a large extent affected by the changes in the legal environment.

#### **4.5 Response strategies by Plastic Bag Manufacturers**

The objective of the study was to determine the response strategies adopted by plastic bag manufacturers to the legal changes. To achieve this objective, the respondents were asked to rate the descriptive statements on response strategies. They were asked to rate them on a Likert scale of five points. The range being 1 to 5 with 5 being “to a very large extent” and 1 being “not at all”. The mean scores of both “not at all” and “to a less extent” represents a variable with mean score of 0 to 2.5, moderate scores represents a variable with a mean score of 2.5 to 3.4, both “to a large extent” and “to a very large extent” represent a mean score of 3.5 to 5 on the continuous Likert scale. The coefficient of variation are presented between 0 and 1, where a greater variance value indicates a significant dispersion of the variable from the mean.

The descriptive statements in Table 6 describe the following response strategies. Retrenchment responses: 1) To reduce operating costs, the firm has let go of employees; 2) The firm has closed its operational units; and 3) the firm is

manufacturing alternative carrier bags. Restructuring responses: 1) The firm has merged related business functions and activities; 2) The firm is manufacturing alternative carrier bags; 3) The firm has reduced its selling, general and administrative expenses to leverage regulatory costs; and 4) The firm has closed its operational units. Diversification: 1) The firm has ventured into new products that are related to its current line of products; 2) The firm has ventured into new products that are not related to its current line of products; and 3) The firm has redeployed the polythene bag manufacturing machinery. Operational responses: 1) To reduce operating costs, the firm has let go of employees; 2) The firm is manufacturing alternative carrier bags; 3) The firm has invested in new technologies and equipment for manufacturing of alternative carrier bags; and 4) The firm has trained its staff on research and development of new products.

Results in Table 6 indicate variations across plastic bag manufacturing firms with regard to responses adopted to changes in the legal environment. The descriptive statements had varied mean scores with those below 3.0 indicating low levels of usage. The highest CV value of 0.92 was attributed to the statement that the firm introduced new technologies and equipment for manufacturing of alternative carrier bags. The statement with the lowest CV value 0.30 was the firm used its current machines to manufacture new products. The findings similarly show that variations existed in response strategies adopted with high t-values.

Staff reduction (to reduce operating costs, the firm has let go of employees) was the most commonly used by the polythene bag manufacturers with the highest mean score of (3.67). This strategy helps the firms to streamline costs and increase efficiency.

These results supports those of Lal, Pitt and Beloucif (2013) that organizations adopt restructuring to rationalize cost, escalate productivity and increase revenues.

**Table 6: Response strategies by plastic bag manufacturers**

| <b>Descriptive Statements</b>   | <b>N</b> | <b>Mean</b> | <b>t-value</b> | <b>Sig. (2-tailed)</b> | <b>CV</b> |
|---|----------|-------------|----------------|------------------------|-----------|
| The firm has redeployed the polythene bag manufacturing machinery                                     | 9        | 1.22        | -8.00          | 0.000                  | 0.55      |
| The firm has merged related business functions and activities   | 9        | 1.44        | -4.60          | 0.002                  | 0.70      |
| The firm has ventured into new products that are not related to its current line of products          | 9        | 1.44        | -8.85          | 0.000                  | 0.36      |
| The firm has ventured into new products that are related to its current line of products              | 9        | 2.44        | -1.35          | 0.214                  | 0.51      |
| The firm is manufacturing alternative carrier bags  | 9        | 1.44        | -3.50          | 0.008                  | 0.92      |
| The firm has reduced its selling, general and administrative expenses to leverage regulatory costs    | 9        | 3.44        | 0.84           | 0.426                  | 0.46      |
| The firm has closed its operational units   | 9        | 2.33        | -1.33          | 0.219                  | 0.64      |
| The firm has used its current machines to manufacture new products                                    | 9        | 1.11        | -17.00         | 0.000                  | 0.30      |
| The firm has trained its staff on research and development of new products                            | 9        | 2.00        | -3.00          | 0.017                  | 0.50      |
| To reduce operating costs, the firm has let go of employees   | 9        | 3.67        | 1.33           | 0.219                  | 0.41      |
| The firm has invested in new technologies and equipment for manufacturing of alternative carrier bags | 9        | 1.44        | -3.50          | 0.008                  | 0.92      |

Source: Primary Data (2018)

Table 6 shows that Cost reduction (the firm has reduced its selling, general and administrative expenses to leverage regulatory costs) was the second strategy with a mean score of 3.44. ). This indicates that for the organizations to comply with the new regulations, they had to reevaluate their operational expenses downwards to compensate for compliance costs. This is supported by Stewart (2010) who observed

that regulations place compliance burden on firms. Thus, firms have to adopt strategies based on their resources and capabilities for organizational success.

The least used strategies by polythene bag manufacturers were new product development (the firm has ventured into new products that are related to its current line of products) with a mean score of 2.44, closing operational units has a mean score of 2.33 and Staff training (the firm has trained its staff on research and development of new products) has a mean score of 2.00. This could be attributed to the fact that apart from manufacturing polythene bags the firms had other products lines, and also most were keen on cost reduction as shown by the outcomes of the study.

The study found that three firms had closed down operations as a result of the legal changes. This means that the firms found it difficult to continue with the operations as polythene bag manufacturing was their core business. This could be attributed to the firms' lack of legal astuteness to identify current regulatory trends that could directly or indirectly impact their operations, and develop appropriate response strategies that ensures their survival. This insight is supported by Cockburn, Henderson and Stern (2000) who in their study observed that firms that are capable in identifying changes in the legal environment, correctly interpreting its early signals are in a better position to tackle the opportunities and challenges that arise for continued survival.

#### **4.6 Discussions of Findings**

The study findings has shown that plastic bag manufacturers were affected by the legal changes. The firms adopted retrenchment, restructuring and cost reduction as response strategies. The findings are in line with the literature review discussions that

organizations are open systems that interact with the environment and are impacted by it (Katz & Kahn, 1978; Pfeffer & Salancik, 2003). It also compares well with Cascio (2002) and Lal, Pitt and Beloucif (2013) observation that organizations use retrenchment and restructuring strategies to mitigate and rationalize costs with implementation of new regulations.

In comparison with other studies, Kamani (2008) in his study on response strategies of small and medium audit firms in Nairobi to regulatory changes found that the firms employed changes in systems and processes, staff training, marketing research and product development in response to regulatory changes. He also noted that the audit firms needed to put up mechanisms to cope the legal changes to remain competitive. The plastic bag manufacturing firms on the other hand, responded to the legal changes through adopting restructuring, retrenchment and cost reduction strategies. The study findings show that for plastic manufacturing firms to effectively respond to changes legal changes, it is paramount that they possess legal astuteness, interpret the legal currents correctly, and develop appropriate adaptive strategies.

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

### **5.1 Introduction**

The study's objective was to determine the response strategies adopted by plastic bag manufacturers to legal changes. From the key findings of the research, this chapter provides summary of findings, conclusions drawn, implications and limitations of the study, and suggestions for further research.

### **5.2 Summary of Findings**

The findings show that majority of plastic bag manufacturing firms have been in operating in Kenya for a period of time for a long time. This is indicative of the firms' in-depth understanding of the legal environment in Kenya and therefore, greatly cognize the dynamics of the industry. The number of employees in the firms were varied and this can be attributed to the scope and years of operation. The findings on the scope of operations of the polythene manufacturers show that majority of the firms operate regionally and this determines the far reaching effect of the legal changes.

The plastic bag manufacturing firms constantly interact with the environment in which they operate. They are impacted by the external environmental factors such as the economy, environmental health and safety, societal values and beliefs, government legislation and regulations, technological and political factors. It was established that the manufacturing firms were impacted by government legislation and regulations to a large extent. This call for organizations to learn, adapt and change



focus to the changing environment to survive. Furthermore, an organization's ability to select the right mix of strategic and operational response strategies that align with environmental changes, and its operations capabilities becomes a very powerful tool in gaining competitive advantage.

### **5.3 Conclusion**

The results of the research show that regulatory change affected plastic manufacturers to a large extent. As a result, the response strategies pursued by these firms play a critical role in ensuring their survival and sustaining competitive advantage. The aptitude to identify changes in the legal environment, correctly interpreting its early signals and developing appropriate response strategies is paramount for organizational success. This results into the firms' ability to effortlessly adapt to regulatory currents thus maintaining operational legitimacy, vital customer segment and a cost advantage in its operating processes. However, there is need to understand that organizational constraints such as firm size and resources may cause organizations not to implement new regulations leading to business closure.

The legal environment is central in the operations of an organization. Effectiveness of response strategies to environmental changes becomes the defining factor for organizational survival. The study found that the manufacturing firms' response strategies include restructuring, cost reduction and retrenchment. For organizations to survive, there is need to continually gather and process information about the external environment. This would inform development or modification of response strategies that align with the organizations' internal capabilities and the external environment requirements.

The study findings are in line with the literature review discussions that organizations are open systems that interact with the environment and are impacted by it. As a result, it is concluded that organizations are affected by the legal environment, hence environment scanning and legal astuteness is critical for organizational survival. Moreover, strategy appropriateness and alignment with the environmental fluctuations and organizational adaptive capacity determines the response strategy adopted.

#### **5.4 Implications of the Study to Practice & Policy**

From the conclusions drawn on this study, the researcher upholds the Open Systems Theory, Environment Dependency Theory and Contingency Theory. The findings of this study has shown that plastic bag manufacturers were impacted by the legal changes which supports the fact that organizations are open systems that interact with their environment, and are impacted by it. Furthermore, studies have been carried out on response strategies by organizations of diverse industries and categories but none has focused on plastic bag manufacturers. Thus, the finding of this research will be very instrumental to individuals or organizations with interest in plastic bag manufacturers in Kenya.

The study has shown that changes in the legal environment has to a large extent impacted plastic bag manufacturers, and therefore, it is critical that these firms continually scan the legal environment, identify changes, and correctly interpret its early signals to develop appropriate response strategies for organizational success. The study established that restructuring (staff reduction) was used by the plastic bag manufacturing firms to respond to the legal changes. It is critical for the management

of these firms to be judicious during the restructuring process as it puts a strain on the staff and organization resources. The management should involve the affected staff in the process being made aware of their rights, options, and choices. The management of these firms also need to do a cost analysis to identify the impact of compliance cost on the firms' competitive position. The focus should be on all the departments of the organization such production and manufacturing, human resource, finance and accounting. This would help the managers to find creative ways of minimizing the effects of compliance cost on the firm's strategy.

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

In spite of the research meeting its objective, the researcher experienced some challenges during the research period. Some of the manufacturing firms were not willing to fill out the questionnaire due to confidentiality concern. They stated that the information sought was of a private nature despite assurances from the researcher that the information was purposely for academic use. Additionally, respondents' bias cannot be ruled out. Out of 14 targeted firms, three had shut down, out of 11 questionnaires filled out, 9 were returned duly filled and these could have affected the general outcome of the results.

The researcher took into consideration the geographical limitation of the study. The study mainly focused in Nairobi and Eldoret which may have affected the generalizability of the results. The researcher also took into consideration the limitation of cross-sectional survey design. This design makes it difficult to explain the occurrence of a phenomena overtime hence, the study findings are only applicable to the study's time frame. The study was limited to response strategies adopted by

plastic bag manufacturers in compliance to legal changes. Consideration of other strategies could provide some interesting findings.

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

This study solely concentrated on plastic bag manufacturers, future studies could be conducted to determine how small and medium enterprises have responded to the legal changes. The context of this study was plastic bag manufacturing firms operating in Nairobi and Eldoret. The generalizability of the results could be expanded by undertaking a survey of more firms to get a more representative results. Due to insights gained from this research, a study could be carried out to establish the impact of regulatory compliance cost on firm's profitability.

This study focused on compliance strategies, and therefore, more studies need to be done to determine how the firms respond to legal changes using other strategies such as influencing, avoidance and compromise. A study could be done to determine the challenges plastic bag manufacturing firms face as they implement the response strategies and their impact on performance. A cross section survey design was used to carry out the research hence findings were for particular point in time, a research could be carried out using longitudinal research design to show the response strategies adopted overtime to legal changes.

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## APPENDICES

### APPENDIX I: UNIVERSITY INTRODUCTION LETTER



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**KISUMU CAMPUS**

Telegrams: "Varsity" Nairobi  
Fax: 4181650  
Kisumu, Kenya  
Telex: 22095Varsity  
Mobile: 0720348080  
Email: [nixonon@uonbi.ac.ke](mailto:nixonon@uonbi.ac.ke)

P.O Box 19134-40123  
Kisumu, Kenya

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Date: 5<sup>th</sup> September, 2018

**TO WHOM IT MAY CONCERN**

The bearer of this MARGARET ADHIAMBO JUMA  
REGISTRATION NO: D61/79714/2015

The above named student is in the Master of Business Administration degree program. As part of requirements for the course, she is expected to carry out a study on " **Response strategies to legal changes by plastic bag manufacturers in Kenya**"

She has identified your organization for that purpose. This is to kindly request your assistance to enable her complete the study. The exercise is strictly for academic purposes and your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

  
DR NIXON OMORO

**ASSISTANT CO ORDINAOTR, SOB, KISUMU CAMPUS**

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## APPENDIX II: QUESTIONNAIRE

### RESPONSE STRATEGIES TO LEGAL CHANGES BY PLASTIC BAG MANUFACTURERS IN KENYA

Kindly respond to the questions below by marking [✓] the appropriate boxes or filling the blank spaces.

#### SECTION A: GENERAL INFORMATION

1. What is the name of your firm?

---

2. What is your position in the firm?

---

3. How many years has your firm been operating in Kenya?

a. 1-5 [ ]

b. 6-10 [ ]

c. 11- 15 [ ]

d. 15-20 [ ]

e. Above 20 [ ]

4. What is the scope of the firm's operations?

a. National [ ]

b. Regional ( i.e East africa) [ ]

c. International [ ]

5. How many employees does the firm have?

a. 1-50 [ ]

b. 51-100 [ ]

c. 101-200 [ ]

d. 201-300 [ ]

e. Above 300 [ ]

#### SECTION B: CHANGES IN THE LEGAL ENVIRONMENT

1. How would you rate the impact of the ban on polythene bags on the firms operations?

1 - Not at all      2 -To a less extent      3 - To a moderate extent      4 - To a large extent      5 - To a very large extent

**SECTION C: RESPONSE STRATEGIES TO CHANGES IN THE LEGAL ENVIRONMENT**

Below are several descriptive statements on various response strategies that firms use in compliance to changes in the legal environment. Please indicate to what extent you agree with each of these statements as far as your firm is concerned. Please rate using the following key;

1 - Not at all      2 -To a less extent      3 - To a moderate extent      4 - To a large extent      5 - To a very large extent

| Sn. No | Descriptive Statement   | 1 | 2 | 3 | 4 | 5 |
|--------|---|---|---|---|---|---|
| 1.     | The firm has redeployed the polythene bag manufacturing machinery                                     |   |   |   |   |   |
| 2.     | The firm has merged related business functions and activities   |   |   |   |   |   |
| 3.     | The firm has ventured into new products that are not related to its current line of products          |   |   |   |   |   |
| 4.     | The firm has ventured into new products that are related to its current line of products              |   |   |   |   |   |
| 5.     | The firm is manufacturing alternative carrier bags  |   |   |   |   |   |
| 6.     | The firm has reduced its selling, general and administrative expenses to leverage regulatory costs    |   |   |   |   |   |
| 7.     | The firm has closed its operational units   |   |   |   |   |   |
| 8.     | The firm has used its current machines to manufacture new products                                    |   |   |   |   |   |
| 9.     | The firm has trained its staff on research and development of new products                            |   |   |   |   |   |
| 10     | To reduce operating costs, the firm has let go of employees   |   |   |   |   |   |
| 11     | The firm has invested in new technologies and equipment for manufacturing of alternative carrier bags |   |   |   |   |   |

**THANK YOU FOR YOUR ASSISTANCE**

### **APPENDIX III: LIST OF PLASTIC BAG MANUFACTURERS**

1. Betatrad (K) Ltd
2. Nairobi Plastics Ltd
3. Five Star Industries Ltd
4. Jamlam Industries Ltd
5. Polythene Industries Ltd
6. Kenpoly Manufacturers Ltd
7. Laneeb Plastic Industries Ltd
8. Elgon Kenya Ltd
9. Hi-Plast Ltd
10. Styroplast Ltd
11. Silpack Industries Ltd
12. Pyramid Packaging Ltd
13. Polyflex Industries Ltd
14. Packaging Industries Ltd

Source: Kenya Association of Manufacturers (2016)

# APPENDIX IV: DECLARATION ON PLAGIARIASM AND COLLUSION

Form UON/RPE/R2



## UNIVERSITY OF NAIROBI

This form MUST be completed by the student and submitted with the research concept paper that constitutes the first stage for a research to be submitted in full or partial fulfillment of the requirements for award of a degree from University of Nairobi.

### DECLARATION ON PLAGIARIASM AND COLLUSION

NAME OF STUDENT MARGARET A. JUMA REG. No. DG1/79714/2015  
FACULTY: SCHOOL OF BUSINESS  
DEPARTMENT BUSINESS MANAGEMENT  
RESEARCH TOPIC RESPONSE STRATEGIES TO LEGAL CHANGES BY PLASTIC BAG MANUFACTURERS

I, MARGARET A. JUMA DECLARE that I have read the Regulations Governing the Administration of Research at the University of Nairobi and understand their content and meaning, and undertake to abide by them. I acknowledge plagiarism and unauthorized collusion in academic work constitute serious academic misconducts and shall give rise to disciplinary actions in accordance to The University disciplinary process which may, at the sole discretion of University of Nairobi, include award of zero mark for material submitted, discontinuation from the University programme, and cancellation of any academic award that may have been conferred based on the material so submitted.

"Plagiarism" shall have occurred when I misrepresent, as my own work, the work of another, written or in other forms that may include diagrams, designs, charts, musical compositions, pictures and written work, which I may obtain from other sources, including, internet, journals, textbooks and essays.

"Collusion" shall have occurred when, except with official approval such as in the case of group projects, I and one or more students consciously collaborate in the preparation and production of work which we ultimately submit in an identical, or substantially similar, form and/or is represented by each of us to be the product of individual efforts. Collusion shall also have occurred when work which I shall have presented as my own is found to be a product of unauthorized co-operation between myself and another person in its preparation and production.

I confirm that I have read and understood the above definitions of plagiarism and collusion and the consequences should the work I submit at any stage be found to contrive the regulations governing the same.

SIGNATURE Margaret A. Juma DATE 22/11/18