

**STRATEGIC RESPONSES AND THE DYNAMIC EXTERNAL
BUSINESS ENVIRONMENT AT KENYA PORTS AUTHORITY**

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DECLARATION

This research project is my original work and has not been presented for the award in any University.

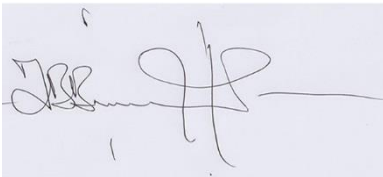
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DEDICATION

I dedicate this research work to my family and friends, who provided the necessary support and encouragement when I needed it most. I give a special feeling of gratitude to my loving parents especially my mum who has been my biggest cheerleader and has never left my side throughout my entire journey up to this point. I am truly blessed and thankful for having you all in my life.

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Unto God be the glory for this accomplishment. In deed he has blessed me with knowledge, wisdom and good health to finish this work. I sincerely thank professor Awino for his tirelessness and commitment in guiding me throughout the whole period of undertaking this project, it would not have been possible to finish this study without his help. I further acknowledge Dr. Otieno for moderating this work and Dr. Odock for his support and assistance. I am also indebted to my family members for supporting me financially and emotionally. And to the entire university fraternity and my class mates who contributed towards my success, may God bless you all.

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ABBREVIATIONS AND ACRONYMS

CEC:	Customer Engagement Center
CEO:	Chief Executive Officer
CCTV:	Closed Circuit Television
CT2:	Second Container Terminal
ECA:	East and Central Africa
GOK:	Government of Kenya
HHT:	Hand Held Terminal
ICD:	Inland Container Depot
ILO:	International Labour Organization
ISO:	International Organization for Standardization
KPA:	Kenya Ports Authority
KRA:	Kenya Revenue Authority
KWATOS:	Kilindini Waterfront Automated Terminal Operating System
PESTLE:	Political, Economic, Social, Technological, Legal and Ecological Environment
PGAs:	Partner Government Agencies
PPP:	Public Private Partnerships
MD:	Managing Director
SAPs:	Structural Adjustment Programmes
SGR:	Standard Gauge Railway
SWOT:	Strength, weakness, opportunity and threats
WHO:	World Health Organization

ABSTRACT

The environment in which organizations operate in is constantly changing with different factors influencing the organizations. This dynamism has forced firms to redefine their strategies. Strategic response is essential for the survival of firms as well as enhancing their relevance in the environment of their existence. The objective of this study was to determine the strategic responses adopted by KPA to the dynamic external business environment. The research utilized both primary and secondary data. Data was collected through interviews involving seven heads of divisions. This was then analyzed through content analysis. The resultant information was presented in a continuous prose as a qualitative report on the strategic responses of KPA to the changing environment. The outcomes indicated that the organization employs the following strategies; compliance with regulations such as Environmental Management and Coordination Act, 1999 and international environmental/ maritime policy guidelines, investment in Corporate Social, improving port services, upgrading of the ICT systems and acquisition of modernized equipment, establishment of operations control centre and a customer engagement centre, development of Lamu port and Kisumu ports, improving labor productivity, enhancing risk management and environmental sustainability through embedding risk management in all processes and systems and compliance to international ISO standards on risk. The study recommends that the organization should remain aggressive in embracing emerging technologies in order to keep pace with the changes and to remain competitive. There is need for sound financial management and discipline. The corporation should also grow its own revenue for sustainability purpose. The study also recommends that the organization should review its strategies whenever necessary in order to realign them with external changes. There is also need to have stability in top leadership to ensure smooth handling of changes in the organization. In addition to this, there should be a change advisory body to ensure that resources are successfully deployed in managing change. The implication for the study is that management should be proactive in coming up with new innovations in order to keep abreast with the changing world. Particularly, the management of the company must be fast in tracking changes, initiate workable strategies to respond to the same and review these strategies frequently in order to ensure that they are effective.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Companies function in an unstable external context which presents them with differing aspects that influence their functionalities. The unpredictability of the external environment forces organizations to reassess the strategic options at their disposal for them to keep pace with these changes for the purpose of their survival (Pearce & Robinson, 2012). In most cases these external changes are far from the control of an organization (Finsterwalder & Kuppelwieser, 2020). As put forth by Hassan (2021) the major concern amidst the constant changes facing organizations that has to be addressed by strategic management over and over again is how companies can enhance their efficiency and effectiveness amidst the changes. He further observes that dynamism and unpredictability in the external environment of businesses operations form a basis for firms to make a decision on how they match strategies in response to the same while focusing on their desired outputs (Wahu & Assumptah, 2017). The choice of strategic responses is hence also defined by the competing business forces in the market and the dynamics of external business environment (Kathanya, Ndegwa & Oringo, 2021).

Three theories guided this study: Open system theory Ludwig (1956) which lays emphasis on the effect of the environment on companies' operations and by this fact points out that enterprises can only survive if their operations are in line with environmental demands;

secondly, institution theory which posits that there is always a lot of force from the surroundings where companies exist that pushes and tries to control and affect their operations (Kinuu, 2014). Lastly, the chaos theory that argues that businesses are surrounded by unstable, highly dynamic external forces calling for adoption of short-term strategic planning to counter the challenges since small forces amount to higher magnitude effects in the due course (Alshammari, Pavlovic & Qaied, 2016). Chaos theory was the main theory for this study.

The surviving and successful organizations are gauged by the capacity to adjust to changes from within or outside surroundings and therefore its ability to respond strategically is paramount (Kozachenko, Anand & Shirokova, 2021). There is need for organizations to create strategies that fit how it responds to its external and internal surroundings based on their capacities (Mont, Curtis, & Palgan, 2021). Kenya Ports Authority (KPA) is among the key parastatals found in Kenya and its significance is felt especially in its role of facilitating sea-borne trade across East and Central Africa (ECA). It critically enhances the ability of the country to be competitive internationally thus the need to sustain its existence. This can only be assured on the basis of its capacity to strategically respond to the dynamic external surrounding (Oketch & Muathe, 2022). The external environment forces PESTLE factors destabilized the operations of organizations. Kenya Ports Authority has not been exceptional in facing these challenges. Its strategic responses to the challenges posed by these environmental factors would determine its survival and success.

1.1.1 Strategic Responses

These are measures whether reactive or proactive undertaken by companies as part of alignment to the external surroundings (Pearce & Robinson, 2012). The major objective of strategic responses is to improve on quality and enhance productivity, cost reduction, organization restructuring and promotion of an effective culture. Strategic responses can also be perceived as necessary actions initiated and undertaken by companies to manage obstacles encountered in the environment that firms operate in (Collins, 2014). It encompasses transformations in the company's, practices and processes in a bid to accomplish particular firm objectives (Grocholski, 2022). Different organizations initiate and make use of varied responses in cognizant to their surroundings, potentials, knowledge in addition to their assets (Kimalel, Kihara & Muriithi, 2017).

Strategic responses make it possible for companies to survive and also makes them relevant to their surroundings (Johnson and Scholes, 2016). Companies have no otherwise but to assess the obstacles posed by their external surroundings and carefully look for ways of adapting to change for sustainability purposes (Wenzel, Stanske, & Lieberman, 2020). Following any threat posed by the surrounding, companies evolve a more defined way of handling it (Wairimu, 2012). Similarly, opportunity espoused by the surroundings is a prompting factor for companies to positively respond in amenable manner Collins (2014). Whereas the outcomes might be evident, the decision and actions undertaken by companies in an unpredictable environment must be carefully thought out because challenges emanating from external environment are difficult to handle due to difficulties in predicting their intensities and controlling them (Ding & Kalashnyk, 2020). For companies to survive

and succeed, they have to creatively match their strategies to their surroundings and so it is to their capacities internally (Gichunge, 2017).

1.1.2 Dynamic External Business Environment

Pearce and Robinson (2012) explains external environment as aspects that are uncontrollable by companies but have a significant influence on what decisions and choices they can make regarding how they structure and run their enterprises. Conversely, industry contexts are situations governing how companies with similar dealings compete. Professor Michael Porter elaborates on the main forces shaping competition among companies in the market place. He summarized them as the power of suppliers, of buyers, of substitutes, new entrants' threats and rivalry (Aidoo, Agyapong, Acquah, & Akomea, 2021).

Katheya, (2021) describes external environment as pressure surrounding company's localities that have a major contribution in streamlining its operations. This therefore calls for proper planning of the tactics to adopt. These forces are the PESTLE factors. Political aspects describe pressure coming from the country's institutional decisions (Arifiani, Prabowo, Furinto, & Kosasih, 2021). This may mainly originate from the country's government and may have a significant influence on how the company runs (Wheelen, 2008). Their effect could be of benefit to the companies or could negatively impact them. The economic aspect relates to the local economic situation under which the business exists. These economic elements may include the level of inflation, the country's currency, how people spend and their income, availability of money in circulation among others (Baini & Mwasiaji, 2018). Legal aspect encompasses the legislations in place that affect

the way an enterprise is run positively and negatively. Companies seeking to survive must align their operations to these rules and regulations because failure to comply may lead to adverse effects such as having to shut down as ordered by legislative authorities. Socio-cultural elements are based on what people believe in or prefer, their perspective and what they hold dear that have a significant contribution in how they relate to the firm and the support they offer thereof (Wanjala, & Awuor, 2021).

Technological aspects involve establishments and actions responsible for coming up with creative ideas that can be translated into quality products, services and procedures. With the changes in technologies companies take the opportunity to improve in their operations, products and service quality. Without adjusting to technological demands firms may be rendered less competitive by their counterparts (Bubenik, Capek, Rakyta, Binasova, & Staffenova, 2022). Lastly, ecological aspects refer to the associations occurring between man and the living creatures in addition to other aspects of nature such as air, soil and water recognized for the support they provide. These factors are hence very important to the organization because they determine the direction of their operations and their long term survival (Ding & Kalashnyk, 2020). It calls for the need of companies to re-examine their own operation and practices and align themselves to adopt to the changes that they pose.

1.1.2 Maritime industry

The maritime industry comprises of companies that handle activities such as maritime transportation, the naval industry commercial fishing and aquaculture industry, the cruise and recreational sector, sport and commercial ports and marinas, marine energy sources,

navies, marine and ocean research and sciences, maritime training academies and training centers, a wide range of professional services around the maritime activities, and professional associations, trade unions and organizations supporting the rights and interests of seafarers and maritime professionals.

The sector is regulated by the International Maritime Organization (IMO). Focusing on the Kenyan scenario, the industry is divided into the shipping, ports, ferry services and maritime regulation. These then comprises of many individuals and can be distinguished from their activities. The country's strategic sea coast location has been valuable for economic, military, and environmental activities. Thus the industry has been beneficial for varied economic activities, ranging from shipping to coastal tourism.

1.1.4 Kenya Ports Authority

This is a state organization whose duty is to manage Mombasa port and others along the Kenyan coastline. It promotes trade in ECA region. Its strategic direction is based on the vision of being world class ports of choice while it aims to enhance maritime trade globally by ensuring that the services provides are cutting edge. The port is furnished well enough in handling variety of cargoes comprising of grain, fertilizers, cement and soda ash and liquid bulk (crude oil and oil product), bagged commodities (coffee, tea, sugar), break-bulk (iron and steel, timber, motor vehicles, machinery) and containerized cargo. Given its mandate, KPA maintains, operates, improves and regulates the Kenya Coastline sea ports.

The main role of Kenya Ports Authority (KPA) is providing security in navigation and ensuring the services offered by port are of high standards while at the same time ensuring that global maritime is successful. It draws its guideline from 5 specific aims that encompasses advancing in its management, operations and productivity; development, maintenance and sustenance of ports structures in reaching out for the clients' needs; promotion Mombasa port maintenance and promotion of safety and conducive work atmosphere; integration of how Mombasa port functions in terms of developing the Kenyan vision and promotion of good administration procedures. KPA hence has a major role in developing the country's economy. Its sustenance and survival even amidst the obstacles posed by the dynamic external business environment is very crucial for the country. The management of KPA must therefore adopt appropriate strategies to counter these challenges.

1.2 Research Problem

Companies involved in business today have to be ready to face instability in and out of the context of their operations that determine their survival (Kuria & Waiganjo, 2016). The most important thing is to understand the changes and demands of the environment and adjust accordingly. When they fail to respond to this, adjusting their output to environmental demands becomes a challenge (Johnson & Scholes, 2016). Effective application of strategic responses will require companies to link the tactics adopted to the environment of its operation. Strategic responses determine where the firm is headed to in the long run and demands to a large extent a lot of resources for successful execution (Mont

et.al, 2021). The essence is to help the organization keep pace with the changes and challenges posed by the environment in order to remain competitive.

Although studies on strategic responses to changes in environment in different context can be found, no recent studies have been carried out at the Kenya Ports Authority with respect to this subject matter. Njiru (2012) focused on strategic responses of KCB in Nyeri County amidst the changing environment. Aketch (2014) assessed response strategies of Sony sugar to the unstable external environment. Hassan (2021) examined the strategic practices utilized by companies engaged in transfer of money in Nairobi County to subsist the challenges in the environment. Katheya (2021) examined the relationship between strategic responses and public universities performance in Kenya. The constant changes in the external environment have had an impact on KPA. Being a significant port in the country and internationally, there was a need to investigate the strategic responses that it adopted to address the changes. Hence the study sought to address the question; what are the strategic responses and dynamic business environment at Kenya Ports Authority?

1.3 Research Objective(s)

The objective of this study was to determine the strategic responses and the dynamic external business environment at KPA,

1.4 Value of the Study

It was helpful to management at KPA as it brought to their attention the way their dynamic surroundings impacted on the functionality of the company in different ways. The ensuing

outcome guided in coming up with well thought action plans that could be used to overcome the effect of environmental changes. This in addition helped the management to evaluate how effective the responses to strategies that they have adopted are.

The study brought into light the unpredictable changes in company's surroundings especially those prompted. Particularly, it gave a careful assessment on how KPA reacts to the unstable business situations. This is a benchmark for other organizations that are still struggling to adjust to these changes as they come up with their response strategies.

Researchers are also likely to gain insight from this work since it builds up on already available information in this area. Companies tend to be unique in their strategies, culture, practices and processes and hence they are likely to variably react to the transformations in external environment. Therefore, this has opened up avenues for researchers to conduct research in different companies to compare the findings and to conclusively come up with the most appropriate strategies that can be adopted. Furthermore, the limitations of this study would be a starting point for knowledge advancement.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The part reviewed the available literature that are in line with the concepts and the objectives that this study is based on. It outlined the relevant theories and gave a review of investigations carried out previously that are related to the current study. This was necessary to provide a foundation for this study.

Three theories had informed this study as presented in this section namely: chaos theory and open system theory and institution theory. Discussed further are the response strategies of companies to dynamic business surrounding. Very importantly, this chapter examined other related works that scholars have delved on in the past with a view to gain a clear understanding of the concept that was the subject matter of the study. In addition to this, the reviewed work also made the research to identify reasonable gaps that prompted the need for this study so that they could be filled.

2.2 Theoretical Foundation

This encompassed a discussion of specific theories fundamental to this investigation. Theoretical insights had been drawn from studies focusing on strategic responses of business to dynamic external environment. Three theories: Chaos theory and open system theory and institution theory had been found to be of relevance to this study, therefore the discussion revolved around these three theories.

2.2.1 Chaos Theory

It was propounded by Alshammari, Pavlovic and Qaied (2016). It highlights the ever-changing, unstable, disorderliness of the external environment. Enterprises are organically complex entities functioning in unstable states thus requiring appropriate strategically governance for handling the obstacles posed by their association with their surroundings. These instabilities force firms keep pace with uncertainties and therefore willingly undergo transformations. Despite the fact that the environment is beyond the firms' powers to handle, the unstable nature of chaotic systems makes it essential for them to tactically respond to the changes posed.

Under chaotic systems, minor disturbances escalate with time given that the relationship is not linear and the dynamism that exist coupled the way chaotic systems repeat themselves. Because of this, organization systems are found to be very sensitive to initial conditions. A situation that creates difficulties in projecting the future and how to handles the forthcoming challenges (Baumol & Benhabib, 1989). Furthermore, minor unfamiliar are likely to result in major unplanned changes. This for instance may mean that even as new competitors come in or with introduction of little technology there can be a major interruption in the industry. Coming up with long-term strategic responses is therefore not easy since organizations try to be forward looking in coming up with strategies. Following forth, organizations need therefore to take into account a number of possible scenarios in coming up with their strategic responses and not just focused on future projections. According to

this theory, flexibility is key in enhancing the ability of the organization to adapt and face of changes

This therefore means that firms have no option but to devise ways of aligning themselves to constant changes occurring in their environment of operation (Gichunge, 2017) The chaos theory emphasizes the need for an enterprise to strategically respond to evolving changes in the external surroundings to enhance their long-term survival (Alshammari, Pavlovic, &Qaied, 2016). However, it has its own limitation, the major one being its sensitive dependence on initial conditions. This makes it difficult to choose the input parameters. The chaos theory is the key theory here as it expresses the unpredictability of the external environment as it has been the case in the current business world. It calls for managers of companies to define ways of responding strategically to the changes brought about by the environment to ensure their survival amidst these challenges.

2.2.2 Institutional Theory

Joseph Goguen and Rod Burstall introduced this theory in the later seventies in responding to the escalating population of logical systems. It is a philosophy that finds its roots and more robust outlook of social structure. The theory lays foundation to procedural basis for structures in addition to schemes, rules, norms, and routines come to be acknowledged as guiding principles for social behaviour. Various elements of this theory elaborate the way the given fundamentals are initiated, assimilated and enhanced with time.

Scott (2001) described institutions as social systems which have managed to sail through being very resilient. He further noted that among the elements making its composition are cultural, regulative, normative and cognitive aspects which combine accompany their action and assets to make it firm and meaningful to social life. Relations, symbols, artefacts and routines denotes institutions. They function at varying levels of jurisdiction ranging from global perspective to local aspects. Academicians have argued that companies can gain insight from observing what others in the industry do and adopt what is appropriate since imitation is key in this theory.

The theory postulates that the surroundings where companies function always put pressure on them (Kinuu, 2014). The pressure from the surrounding prompts varied responses as companies look for legitimacy for the purpose of their survival and prosperity. When innovatory systems are created and validated by institutionalization, they are likely to enhance efficiency with which companies function and their performance thereof. This theory lays emphasis on pressure exerted by the market and well incorporated managerial procedures as key contributors to performance of companies (Gafoor, 2010). Management is therefore described as key players to the institutionalization and hence responsible for interpreting the tactics required, crafting and putting in place suitable tactical responses.

Furthermore, companies can no longer be confident in predicting precisely what they will be doing in the coming years. Changes will always impact in terms of their operations and performance (GoK, 2013). The recent shift in politics and leadership has seen ignited major changes in KPA include the recent return of port clearance services. In a move to decongest

the port, clearing of goods had been moved to other regions like Nairobi. The relevance of this theory is found in the need for organization to conform to changes for them to stand to be legitimate. However, its reliance on assessing internal dynamics while ignoring the part played by authority and individualism when focusing on organizational transformation is its undoing.

2.2.3 Open Systems Theory

This was initiated by Ludwig (1956). It emphasizes that firms are greatly influenced by the surroundings where they exist. The theory stresses that firms can only survive depending on how they relate to their environment. It builds on the premise that companies' functions are well laid out to make them faster to coordinate in addition to their linkages in order to achieve the major purposes. On the contrary, their reliance on the outside surrounding for inputs to facilitate their survival makes them vulnerable to outside forces (Finsterwalder&Kuppelwieser, 2020). Firms have no control over the surrounding influences. But at the same time their operations impact on their surroundings.

Firms are systems encompassing interlinked subsystems responsible for transforming inputs from their surrounding into varied outputs that are beneficial to clients (Njiru, 2012).

One of the major unpredictable changes impacting companies greatly is the emergence of the pandemic. This has brought a great transformation in the operations, activities and structures of most organization (Scheepers & Bogie, 2020). Firms have strategically responded to the changes imposed by the pandemic to avoid their closure and KPA has not been left behind. Its applicability here is found on its emphasis that companies survive

based on their ability to adopt to the environment which determines their performance. As open systems there is a dire need for firms to continuously align themselves to the changes in their surroundings (Wahu & Assumptah, 2017). The limitation of this theory lies in the structural functionalism that stresses on changes aimed at stabilizing systems.

2.3 Strategic Responses to Dynamic External Business Environment

Johnson and Scholes (2016) posit that strategy is the direction and scope of an organization for a prolonged period that enables it achieve advantage for the company by configuring their resources with respect to the changing environment and meets the needs of the stakeholders. Arasa and K'Obonyo, (2012), point out that Strategic management is what makes firms position and align themselves accordingly to their external surroundings to be successful. From their perspective, firms position themselves using appropriate strategies and then assess their capabilities for competitiveness. Porter (2004) on the other hand points out that strategy is to do with firms and finding ways of gaining a competitive edge. He further exemplifies three key strategies: cost leadership, differentiation, and market segmentation.

Gichunge (2017) explains those companies looking forward to vibrancy and success over a prolonged period of time should consider assessing carefully their surroundings particular the key publics such as the clients, the players in the market, those who provide them with raw materials, financiers and other institutions that are likely to have a big influence on their functionality. Pearce and Robinson (2012) notes that strategy is no longer looked at a formal plan although it might be seen as a mere aspect of a plan. At the same time, a ploy

seems to be likened with strategy, however, it is narrower in scope and could as well match tactics as opposed to strategy (Thompson, Strickland & Gamble, 2015).

Organizations can be said to be providing services to the context of their operations while at the same time being reliant on the same surrounding (Johnson & Scholes, 2016). In other words, the context where a firm is run has a bearing on how will function. Lane (2003) observes that there are different ways of describing business environment but key three aspects stands out from the varied descriptions; turbulence, placidity and complexity. The former estimates changes happening in aspects or elements of company's surrounding while the latter describes stability state existing at the end point. Hence, there is constant situation of continuous turbulence and dynamism on the other end (Ndung'u, Machuki & Murerwa, 2017). The degree and magnitude to which to which the turbulence persist marks the extent to which companies face uncertainty.

Complexity of the environment encompasses many surrounding elements and constraining features that are paramount for success of companies (Collins, 2014). Unpredictability and ambiguity that comes with dynamism have a lot of bearing on how companies process information. On occasions whereby technology keeps on changing, companies are bound to encounter a higher degree of unpredictability (Mwangi & Ombui, 2017). In describing context where the demand, competition and technological innovation constantly happens making it difficult to find accurate information, the term high velocity environments has been created to explain the scenario (Venkatraman & Ramanujam, 2017). The implication

is that volatility is a constant factor marked by changes that are discontinuous. By being interdependent, companies cannot afford to be independent in their operations.

Johnson and Scholes (2002), points out that it is not easy to handle environmental related challenges due to three aspects. There are varying factors impacting on businesses. They posit that these factors can be identified their usage may be minimal since it is usually difficult to tell differentiate the ones that have a substantial effect on the company (Zhou, 2020). Secondly there is the issue of speed of change. Management has always felt the degree to which technology changes and communication globally has been rapid in the recent years and hence the need to act quickly in coming up with appropriate strategies. The other is complexity. This is a major challenge for most organization, the tendency in handling this aspect for most organization is to make the present events as simple as possible by comparing on related historical aspects that had previously impacted on the operation of the company. But against this odd, Scheepers and Bogie (2020) warn that these tendencies should rather be avoided in a bid to understand the environment because of its unstable nature.

According to Ansoff and McDonnell (1990) failing to counter challenges posed by the surrounding would mean loses that may accumulate beyond the company's ability to manage. At the point of rational trigger companies initiate the strategic response. The point is marked by saturated data indicating that the performance of a firm has greatly gonn down and may not be easily countered or restored. Delay in responding beyond this point will result into reactive measures. This delayed is occasioned by different factors ranging

from political unfamiliarity, system related issues or the challenges in the verification process (Freeman, 2010).

Companies that are effective in responding effectively stand to have a positive influence on the environment to the benefit of the organization and may be able to fight competition (Gafoor, 2010). As posited by Hamel and Prahalad (1994) companies must strive to gain an understanding on who their competitors are, assess their strong holds and points of weakness. This gives them an opportunity to take advantages on their weakness as they position themselves in the market. By doing so, they are also able counter any possibility of allowing these companies to weaken their positions through their strongholds. Kanter (2004) points out that overcoming environmental changes will call for enterprises to carefully consider those in leadership positions. Strong and visionary leaders are deemed to provide necessary guidance amidst the ever uncertain business environment.

Unfortunately, most organizations are lacking such kind of leadership (Wangui & Eliud, 2018). Companies looking forward to sustain their vibrancy and competitiveness for a long time have no option but carefully examine the impact of the outside context of their existence particularly, their clients varied needs, those whom they compete with, supplies, their financiers and the political world. Their success is pegged on how well they handle, align their operation and fulfil their obligations with respect to these elements (Benn, Edwards & Williams (2014).

Porter (2005) argues that retaining a competitive edge among firms will require examination of the inside and outside environment where enterprises exist and responding

accordingly. According to Ansoff and McDonnell (1990) being tactfully aggressive and matching strategic responses to the degree of environmental uncertainties is paramount for any organization that plans to succeed. The point of argument is that the extent of environmental uncertainties is marked with varied features thus demanding the application of differing strategies and varied capabilities of enterprises (Cummings & Worley, 2014). It thus essential that companies become very innovative and creative in generating strategies in line with the uncertainties and build their capacities for this purpose in order to enhance their survival (Ratten, 2020). It therefore means that there has to be fitness has to be achieved between the environmental demands and the company's demands and between the company's demand and what can be environment is able to offer. Special attention should be paid to speediness in responding to such challenges once identified (Johnson and Scholes, 2002). This is likely to make organizations stand out from the rest amidst the environmental challenges.

2.4 Empirical Studies and Knowledge Gaps

Strategic responses of organization to the external surroundings tend to differ. Aketch (2014) investigated Sony Sugar company Limited's strategic response to its environment. This was a case study and information was gathered via interview and analyzed content wise. The investigation pointed out that Sony Sugar Company used a number of strategies such as, partnering with others, adopting modern operations, optimizing, backwardly integrating and diversifying. The study was done in a different context.

Hassan (2021) examined the strategic responses that six companies in Nairobi involved in transferring money use as they try coping with the environmental obstacles. It was descriptive in nature. First-hand information was collected using questionnaires. The outcomes revealed that the firms adopted these strategic responses mostly; serving their customers professionally, modernizing their operations, speedy delivery of services and diversifying their products. This study was done in a different context.

Katheyia (2021) examined the association between strategic responses and performance of public universities in Kenya. He targeted 22 chartered public universities. The outcome was established through descriptive and inferential methods through SPSS. The study concluded that by implementing appropriate technologies, the university may reach higher standards of competence and boost its performance. The focus was strategic responses and organizational performance, the current study only examined strategic responses to external environment.

Mont et al., (2021) conducted a literature review on organizational response strategies to COVID-19. A combination of written literature reviews and qualitative web analysis of 30 mobile, space and platforms for goods sharing of varied commercial models. Following forth a framework that is empirically-driven based on how companies responded to COVID-19 was created. The investigation also included what COVID-19 pandemic would imply in the long run to the sharing economy, and explored the alignment therefore that would be expected of enterprises in their responses in a bid to sustain themselves. This was a literature review while the current study is an empirical study.

Njiru (2012) studied the way 27 universities in Kenya strategically responded to the external surroundings. The research design utilized was cross-sectional survey. Both first hand and second-hand information. The outcome revealed that the strategic responses adopted were institutional and corporate linkages, enhancing how they managed their resources and governing systems, growing their revenues, making good use of available assets owned while initiating well-structured plans to enable them develop and make good use of available facilities. This study was carried out among universities, the current research is based on KPA.

Logwuru and Gitonga, (2019) assessed the effect of strategic responses on the performance of UNWFP in South Sudan, UN. The study investigated the effect of restructuring operations, partnering and managing relations with donors, staff safety and security and assets and service to benefactors on the performance of UNWFP. Both theoretical and empirical literature was examined. 55 professional workers participated. The later was analyzed descriptively and inferentially and displayed through frequencies, mean and SD. The former was analyzed using content analysis. The outcomes showed that the strategies responses adopted by WFP enhanced it performance. Apart from linking strategic responses to performance which the current study does not look at, the context of the study is also different.

Kimalel, Kihara, and Muriithi (2017) assessed effects of strategic responses on performance of SACCOs in Nairobi County. The investigation was done through a

descriptive design and all the licensed 38 SACCOs in Nairobi County were included. 228 top managers were requested to fill in the questionnaires. The outcome depicted that cost cutting and market expansion strategies had as strong association with performance of SACCOs. This was an investigation done among SACCOs, the result may not be applicable to the current study which will be carried out in KPA. Thus there is need to carry out a study on strategic response by KPA. Furthermore, the former study also focused on performance which this study does not deal with.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Presented in this section is a detailed discussion describing the way the study was done. It hence presented the entire methodology that was used for undertaking this investigation. Consequently, it proceeded by laying out the design chosen for this purpose and its relevance. It also presents the methods that were used for gathering data and analysis of the same.

This section is therefore very significant in offering appropriate guideline that was followed closely and hence assisted the researcher to get the relevant information sought. It properly guided the researcher on the nature of information and the relevant participants who were well acquainted with the subject of investigation. It further enabled the researcher to use the best method for analyzing the information thus generate the required results.

3.2 Research Design

A research design offers guidelines to the one carrying out the investigation on the appropriate process to be followed. It comprises of identifying what is to be studied, the kind of sampling required, data gathering, analysis and presentation process (Sekaran, 2006). For this purpose, case study design was utilized. This is because data was collected in one organization. The researcher was able to collect information regarding human attributes, opinions, perspectives and behavioural orientations through the responses that are given (Cooper & Schindler, 2006).

Case studies facilitates the one carrying out an investigation to delve more on information from a particular setup (Yin, 2009). This was appropriate for this study because, the investigation was carried out in one context, KPA. It enabled researchers to gain an in-depth understanding of phenomena and to get a detailed description of the phenomena as they occur in their environment. Therefore, through this design the researcher was able to gain insights on the subject matter with regards to KPA to the dynamic business environment.

3.3 Data Collection

The study made use of both first and second hand data. The later was facilitated through interviews carried out among high cadre staff of KPA. The study constituted seven managers from different divisions comprising, operations, engineering services, legal services, human resources and administration, corporate services, infrastructure and finance division. These participants were fit for provision of information because they had a wealth of experience and knowledge of their company.

The former was facilitated by looking at relevant information that had been published in different sources. An interview guide aided in providing data that was qualitative and quantitative. The qualitative aspect was to facilitate suitable comprehension and better-off discernment of the likely outcomes (Assarroudi, Nabavi, Armat, Ebadi & Vaismoradi, 2018). Following forth, the interview guides encompassed two parts: The part for demographics and the other focusing on strategic responses.

3.4 Data Analysis

Editing was done. This was to ensure that the data to be analyzed was fit for yielding correct results. Content analysis was utilized. This is a way of drawing inferences through step by step and impartially picking out the required features of information and linking the same to trends (Kuckartz, 2019). It offered information insights on informants thinking, feelings and view on the concerned issue.

This analysis was utilized comprehensively in analyzing the informants' perceptions regarding the strategic responses adopted by KPA authority to dynamic external business surrounding. This method facilitates categorization of information on the basis of unfolding themes and coding in accordance with the research questions in addition to providing a detailed qualitative approach (Assarroudi, et al., 2018). Hence, through it the researcher was able to categorize related themes and compare the findings with other related studies.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1 Introduction

In this section the findings obtained through data gathering were analyzed and their interpretations given. The data was gathered through interview guide and analyzed using content analysis. This was appropriate since it gave the researcher the opportunity to delve closely on the participant's view on the subject matter. The researcher also obtained secondary data from published sources such as the company's strategic plan and business plan.

The data findings were on strategic responses and the dynamic external business environment at Kenya Ports Authority. Seven managers from different divisions comprising, operations, engineering services, legal services, human resources and administration, corporate services, infrastructure and finance division were interviewed so as to obtain information required.

4.2 Response Rate

All the respondents targeted to be interviewed were interviewed face to face hence the response rate was 100%. This was achieved because of the deliberate effort made by the researcher by booking appointment with the informants, making phone calls and texting them to remind them of the interview schedules.

Table 4.1: Response Rate

Population	Frequency	Percentage
Targeted	7	100
Responded	7	100

Source: Research Data, 2023

4.3 Demographics Information

The demographic information sought were with regards to the department, education level and the tenure of the respondents in the company.

4.3.1 Respondents' Department

The study sought to establish the interviewees' departments. From the findings, the interviewees indicated that they worked in the financial division, research planning, monitoring and evaluation section, litigation and dispute division, infrastructure division, engineering and technical services, Human resources and administration division and reforms department. Therefore, all departments were catered for and thus the researcher was able to get a more balanced view of the organization's perspective regarding the subject matter.

4.3.2 Level of Education

The study sought to find out the level of education of the respondent. According to the feedback, their level of education varied from bachelor's degree to master's level. This was

an indication that the participants were well informed enough and could be relied on to answer the questions from the interview guide

4.3.3 Tenure of the Respondents at KPA

The study sought to establish the length of time that the respondents had worked in the Company. All the respondent indicated that they had worked in the organization ranging from a period of 5 years to 25 years. This means that they had an in depth knowledge of the organization and the subject matter at hand and hence could be relied on for the type of information sought.

4.4 External Business Environment

The study sought to find out the company's instrument for discerning changes in the external business environment: Three of the participants stated that the means for discerning changes were SWOT analysis, PESTEL analysis, customer and stakeholder analysis as highlighted in their strategic plan. The company from time to time scans its internal and external environment to discern the changes taking place with a bid to coming up with appropriate response strategies that will march the changes. At the same time this analysis helps the organization to capitalize on the opportunities presented in the outside surrounding as it tries to reduce the effects of the threats to remain competitive.

They also pointed out that the business plan sets out clear but flexible objectives and proposals within a three-year period based on the latest information, projections and feedback from departments. According to the respondents the business plan builds on the

performance of activities and programs as detailed in strategic plan implementation and is likely to reveal what changes may need to be dealt with. On that note the company is able to handle the changes proactively at the same time respond to unforeseen changes that emerge from time. One of the respondents interviewed reported that the corporation has a change management department responsible for foreseeing the changes. The respondent also highlighted that customer survey is carried out on an annual basis by a consultant firm to find out if there are changes in customer demands. Customer survey, according to the respondents has helped the organization in not only discern the changing customer needs but also in establishing customer complaints and coming up with ways to enhance the firm's efficiency in delivery of services to the customers. This has enhanced a greater customer experience and also widened the market share of the company.

Another participant in the engineering department opined that the company had a hand-held terminal (HHT) for tracking transaction taking place on the ground and through this, they are able to gauge if there is any change taking place. Another respondent explained that with rising competition globally, the organization has tasked two divisions to scan competition in the external environment; corporate services division and operations division. This has enabled the company to keep pace with the changes. Besides, marketing survey is also carried out to check on the extent of competition from countries like South Africa, Mozambique and Tanzania. They argued that through market survey the services at the port of Mombasa have been made efficient and huge transshipment business has been attracted.

The participants were asked to describe changes that KPA had to grapple with in the previous 10 years. The interviewees alluded to the fact that the external environment has had a great impact on the company's operations since its inception and, more precisely within the last ten years. The participants cited many changes; the civil expansion of the port from one terminal to two terminals, acquisition of the state of art equipment for stevedoring, evacuation of the cargo from the port of Mombasa through the new standard gauge railway (SGR), expansion of ICD in Nairobi, opening of a new frontier in to serve the great lakes, opening of the port of Lamu with three berths awaiting equipment and recruitment of personnel to replace the retiring workforce. Frequent changes of office holders such as CEOs and the membership of the board.

The respondents pointed out that there was a great improvement in technology such as the putting in place of KWATOS thereby making operations seamless, installation of CCTVs that has greatly enhanced security and the development of robust ICT enabling network connection across the organization. In addition to this, it was noted that customers were now able to load their documents from anywhere due to improvement of ICT. One of the respondents pointed out that the corporation had established customer engagement center (CEC) that is equipped with necessary customer interaction equipment and trained personnel to handle customers' enquiries and needs. The key services include provision of insights on the port issues, response to customer queries in real time and social media monitoring, among others. The respondents were asked to indicate KPA's preparedness for change in a scale of 10. One of the respondents rated it at 6.5, whereas four of the respondents rated it at 7, and two of the respondents rated it at 8. One the respondent

indicated that change management started way back in the year 2000 and this has ensured that the corporation was based prepared to deal with the changes in the external business world.

The study also sought to find out if the dynamic external business environment was a threat to the company's existence. The participants recorded mixed reactions to this. Whereas majority pointed out that it was a threat a few argued that it was not. One participant said that the Covid 19 pandemic for instance had an effect on the company's supply chain. It saw a reduction in the number of ships for instance docking at the Port since it had an effect in the manufacturing industry. The problem was further propounded by the war in Ukraine that saw a few ships dock in Mombasa port. Another participant cited the rising competition from the neighboring Tanzania that is increasingly gaining a larger market share. Other participants pointed out that the increasing technological changes was a threat to the organization given the slow pace with which the corporation was moving towards the digital environment. He cited out the fact that there was still manual recording of data in some sections of the organization.

The study examined the external environmental factors that have had an impact on the company's operation with respect to political, economic, social, technological and ecological elements. The participants revealed that the political factors were categorized into positive and negative elements. The positive elements included: Regional integration and approval and support for regulatory review and reforms, including parliamentary passage of proposed bills, opportunities for expanded market access, political support and

good will for port infrastructure development together with enabling policy environment. These had enhanced success of the company. The negative elements included; Political interference, for example pressure from the political end to recruit certain people in the company despite lack of the vacancy. The interviewees noted that the year 2022 was marked with politics generally affecting Port operations for instance the clearance of cargo being moved from Naivasha back to Mombasa following a change in the regime. There was also reduction of cargos docking at the port during election period. Others cited include; competing agendas between the national and county governments, especially with the issue of taxation. The respondents also noted that changes in the government administration/regime are likely to lead to changes in port development and funding priorities and political interference in project implementation.

Economic factors that the corporation is faced with include: High inflation rate that erodes profitability of the Authority and purchasing power of the customers, high interest rates that makes it difficult for investors to make investment and reduces the purchasing powers of the customers and volatility of exchange rate that affects investment planning especially because of import dependence.

Social factors cited include existing unemployment that is projected to bring about insecurity which will hamper cargo movement into the hinterlands, industrial unrest and negative work culture that pose as a threat to efficient operations and the need to structure and sustain community. One the respondent also pointed out that Covid -19 had an impact on the corporation for instance, the staff had to work from home and some staff members

passed on. Due to Covid-19 also, there was a decrease in cargo throughput in the first quarter of 2020 resulting in reduced revenue. Cargo dwell time also increased as a result of the imposed curfew, cessation and mandatory testing of truck drivers across the East Africa Community (EAC).

Technological factors cited included cybercrime and hacking threats that was perceived to have remained a real threat to the corporation. It was noted that the faster pace with which technology changes required adaptability and continuous investments which were expensive and demanding, however, if ignored, it would lead to lack of competitiveness of the port's operation. The participants pointed out that currently port has ensured that safety and security have been enhanced by deployment of technology, the advanced equipment deployed were more energy and operationally efficient thus cost effective.

Legal factors include; conflicting national and county regulations that hamper port development. Included here too was new developments and increased private sector participation that had long and tedious regulatory compliance requirements. One respondent also pointed out that the procurement and disposal act procedures causes delays in acquisition of equipment and this has affected their service delivery to their customers. In addition, the corporation had to work within the constitution and labour laws.

Ecological factors include: carbon emissions from port users, that is likely to negatively affect port image if not checked. The participants also cited climate change and its effects. However, on the positive side it was observed that the corporation had adopted the Green

Port Policy enactment and implementation that would enable international recognition and port attractiveness, the port in addition had moved to institutionalized environmental and had also tapped from the Blue economy.

4.5 Strategies at KPA

The study sought to find out the strategies KPA came up with to counter changes in the dynamic external business context. The respondents highlighted a number of strategies including; compliance with Environmental Management and Coordination Act, 1999 and international environmental/maritime policy guidelines in order to deal with legal environment. Furthermore, the corporation also embarked on corporate social investments to build confidence in corporation's existence, there was also collaborations with stakeholders and Partner Government Agencies (PGAs) to enable customer driven initiatives.

The other strategies cited by the interviewees were improving port services through investment in research, development and innovation to focus on port capacity enhancement, improving marine and quayside security as well as upgrading of the ICT systems and acquisition of modernized equipment. There was the development of ICT Strategy to embed the new Terminal Operating System, improve network connectivity and development of an e-portal model that was aimed at creating an enabling environment for innovations to be championed internally to increase productivity, performance and competitiveness of the Authority.

The participants also pointed out the strategy of improving customer satisfaction by boosting customer experience through new engagement systems whilst improving on the delivery of employees through reward and emphasis on the existing standards and procedures of service. As a result, the responded pointed out that the corporation had established an operations control centre and a customer engagement centre simultaneously to match global best practices.

Another strategy was to sustain business growth through key initiatives such as development of small ports (Shimoni & Kilifi Bay), Container Terminal 2 (CT2), Lamu port and Kisumu ports. The participants noted that the Lamu port was ready awaiting delivery of equipment. The corporation was also observed to be committed to improving labor productivity through improving the work environment, enhancing competence and employee accountability, health and wellness programs and enforcing performance management to achieve the best performance out of the current and future employees. On the Human Resource component, a reconfiguration of the current organizational structure was cited to be appropriate in order to incorporate elements of a resource mobilization unit, coordination of Blue Economy initiatives and management of Port expansion projects such as Concessions, Standard Gauge Railway (SGR) and Public Private Partnerships (PPPs), among others.

The other strategy was on enhancing risk management and environmental sustainability through embedding risk management in all processes and systems and compliance to International Organization for Standardization (ISO) on risk. In addition to this, through

the Green Port Policy, the participants also mentioned that KPA was benchmarking with other international ports which have taken to preserving the environment. One of the interviewees also pointed out that the corporation had invested in new equipment which matches international standards. Other strategies adopted included; going paperless, facilitating employees to work from home, evacuation of cargo through the SGR to ease congestion and lowering of tariffs. KPA has also formed linkages with other institutions such as the transport sector and Kenya Revenue Authority (KRA) to increase efficiency in their services and improve on its image.

The respondents expressed mixed reactions as to whether the strategies were bearing fruits. Majority noted that the strategies were working while a few felt that they were not bearing fruits and that there was need for readjustment. One participant mentioned that the corporation had managed to get back more of their customers who had migrated to Dare Salam because of these strategies. Again, the participants were divided on the issue of sufficiency of the resources dedicated towards responding to change by the organization. One pointed out that there was need for more to be done in terms of allocation and usage of resources. On the question as to whether the organization considers changing its strategies, one participant noted that the current strategies were useful but can be adjusted following PESTEL analysis. Another participant noted that what was required was to realign the strategies to meet customer needs. Whereas one mentioned that there was need to reinforce and revamp the strategies.

The study also sought to find out the respondents' views on suggestions that the company should consider and initiate as part of effectively responding to changes posed by environment. One participant acknowledged that despite several technological accomplishments by the organization, there was still need to acquire equipment that require little intervention, particularly, he cited an equipment that could read and relay information to the server to replace manual labour. Another participant noted that there was need to have automated yards instead of terminal tractors that uses manpower as witnessed in other countries like Djibouti and China. The need to have stability in top leadership was also mentioned. It was pointed out that the frequency with which the top management and the board changes occur posed as a challenge to handling change brought about by the external environment. One participant indicated that for instance, there was already a new chair of the board but the Managing Director (MD) was not yet recruited. They also noted that there was need to hire a consultant to effect changes due to instability in leadership. In addition, they suggested the need for a change advisory body to ensure that resources are successfully deployed in managing change. Another participant noted that there was need to involve employees more, to focus more on employees to enhance quality services through training and development and coaching given the young staff that were being employed. They also suggested that there was need for the organization to practice financial management and discipline. It was also cited that rather than borrowing, the corporation needed to grow its own revenue and to slow down in initiating projects.

The participant had mixed views on the corporation's success in handling changes. One participant pointed out that they had succeeded in attracting business, enhancing service

delivery while leveraging on technology. Another one noted that the reason for failure was due to political push. Whereas another respondent noted that the corporation had been successful in handling changes due to a young and energetic team that is always checking on the market trend locally and globally. Other reasons cited for success was the stability in some of the key workforce such as the general managers in addition to well trained staff capable of handling the changes. The interviewees, however, noted that there was need to learn from the changes such as the pandemic for future improvement in countering the changes.

4.6 Discussion of Results

The study found that the dynamic external business environment has a significant effect on KPA and that the organization has come up with various strategies to handle the changes brought forth by the external business environment. The study found out that the changes were majorly political, economic, social, technological, ecological and legal in nature. These outcomes corroborate with those by Ellis and Williams, (1995) that contemporary organization have to contend with the fact that stability is not possible. As part of being proactive to responding to change, the company embraced the need for discerning changes through SWOT analysis. This was observed to have enabled the organization to capitalize on the opportunities presented in the outside surrounding at the same time reduce the effects of the threats thus remaining competitive. Furthermore, the company realized the need of having a change management department to enhance its effectiveness in handling changes. This department was observed to be very proactive and efficient in the operations. The department detected changes and promptly comes up with the strategies of dealing with

change and ensures successful implementation of these strategies. This has made KPA be at pace with emerging changes and has boosted its capability to respond appropriately.

The study supports the assertion made by Pearce and Robinson, (2005) about technological breakthrough impacting greatly on the firms' environment and the need for firms to embrace technology to be successful. The study has shown that KPA has gradually advanced in the use of technology in their operations. There has been a move from the use of SAP to KWATOS thereby making operations seamless, installation of CCTV to enhance security and the development of robust ICT enabling network connection across the organization and enhancing greater customer experience. This is in addition to generally automating of most of the services. This enhanced the pace at documentation and cargo evacuation is done in addition to reducing over dependence on manpower.

The findings are also in line with those of Aketch (2014) who found that among successful strategies adopted by Sony Sugar company was partnering with others and adopting modern operations. KPA employs the use the strategy of partnering with other institutions and agencies like Kenya roads and infrastructure department to eliminate transit barriers and facilitate faster movement of cargoes and KRA to enhance cargo clearance and cargo screening in order to serve their customers better. The outcomes also align with those of Hassan (2021) who noted that collaboration with other institutions was one of the key strategies to be adopted in dynamic business environment and those of Katheya (2021) who found out in his study that implementing appropriate technologies was necessary a midst changes.

The outcomes of this study supports the theories that the study anchored on. Under the open system theory, which asserts that as open systems there is a dire need for firms to continuously align themselves to the changes in their surroundings (Wahu & Assumptah, 2017). This ensures from the fact that organizations are considered as open systems whose operations are affected by the external environment and who in turn affect their surroundings. Accordingly, organizations cannot hence exist in isolation. KPA has always strived to align its operations to the external environment. For instance, following ecological changes caused by emission of gasses to the environment, the company has responded by adopting the Green Port Policy. In addition to this, the company had embraced new technology which saw them automating most of their services and operations. This has in turn enabled the company to be at par with rest in the industry. The findings are also in support of chaos theory that emphasizes the need for enterprises to strategically respond to evolving changes in the external surroundings to enhance their long-term survival (Alshammari, Pavlovic, & Qaied, 2016). The study findings indicate that KPA responds strategically to the changes posed by the dynamic external environment.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four. In addition, it highlights

Conclusions and recommendations of the study based on the study objective. The study purposely focused on the strategic responses adopted by KPA towards the dynamic business external environment.

This section has therefore summarized the identified strategic responses that the company has adopted overtime. The analysis from the previous chapter has made it possible to carefully make conclusion on the subject matter of the study making it meaningful to the individuals who may wish to make decisions on the basis of the outcomes of this research.

A further consideration has been made through recommendation that would be beneficial if the organization will take into account the outcomes discussed. This section also highlights various limiting factors that the researcher identified in the course of the investigation but had not directly impacted on the study so as to interfere with the result. Lastly, there are propositions made following the study outcomes. This is to guide prospective researchers who want to further delve in this subject matter.

5.2 Summary of the Findings

The study found out that the organization is affected by the changing dynamic business environment. The company's instrument for discerning changes in the external business environment included SWOT analysis, pestel analysis, customer and stakeholder analysis, annual customer survey and marketing survey.

The findings indicated that the company had experienced many changes for the past 10 years which included the civil expansion of the port from one terminal to two terminals, acquisition of the state of art equipment for stevedoring, evacuation of the cargo from the port of Mombasa through the new standard gauge railway, expansion of ICD in Nairobi, opening of a new frontier in to serve the great lakes, opening of the port of Lamu and recruitment of personnel to replace the retiring workforce. It was found that there were major changes in technology ranging from putting in place of KWATOS installation of CCTV and the development of robust ICT. The corporation had also establishment customer engagement centre (CEC). The study also found that the organization was more prepared for change now than before.

According to the findings, the external environmental factors that have had an impact on the company's operation were categorized as political, economic, social, technological and ecological elements. It was found that some political factors were positive thus enhancing the success of the organization but other were negative and had negative impact on the company. Notably, the 2022 elections had slowed down the port operations and the changes

in the government administration/regime are likely to lead to changes in port development and funding priorities. Economically, the corporation is faced with high inflation, high interest rates and volatility of exchange rate that affects investment planning especially because of its import dependence. Socially, existing unemployment is likely to bring about insecurity which is likely to hamper cargo movement into the hinterlands and the Covid-19 pandemic that resulted into a decrease in cargo throughput in the first quarter of 2020 resulting in reduced revenue. The technological factors such as cybercrime and hacking threats is still a real threat to the corporation. This is in addition to faster pace in technological advancement. The legal factors cited were the conflicting National and County regulations hampering port development and the procurement and disposal act procedures that causes delays in acquisition of equipment. Ecological elements such as carbon emissions from port users, negatively affect the port image and climatic changes that the company has to adjust to.

The study found out that the company had various workable strategies for handling the changes such as ; compliance with Environmental Management and Coordination Act 1999, and international environmental/ maritime policy guideline, Corporate Social Investments to build confidence in corporation's existence, Collaborations with stakeholders and PGAs to enable customer driven initiatives, improving port services through investment in research, development and innovation, marine and upgrading of the ICT systems and acquisition of modernized equipment, establishment of an operations control centre and a customer engagement centre, development of small ports, Lamu Port and Kisumu port, improving labor productivity, enhancing risk management and

environmental sustainability through embedding risk management in all processes and systems and compliance to international ISO standards on risk. In addition to these the corporation reported to; going paperless and facilitating employees to work from home. Majority of the respondents indicated that the corporation was successful in handling changes posed by the external business environment through the strategies they adopted.

5.3 Conclusion

The objective of this study was to determine the strategic responses adopted by KPA in response to the dynamic external business environment. On the basis of this objective the study concludes that KPA is faced with many changes occurring in the external environment that are political, economic, technological, ecological, social and legal in nature.

Some of the political factors were found to be positive and enhance the success of the company these included: regional integration and supportive regulatory reforms, political support for development of infrastructure These had enhanced success of the company. The negative aspects encompassed; political interference with port operations for instance, the clearance of cargo being moved from Naivasha back to Mombasa following a change in the regime. Economically, the high rate of inflation had an impact in the port's profitability, this is in addition to other economic aspects like high lending rates and unstable exchange rate. On the social aspects the rising unemployment may pose as a security threat to cargo movement, industrial unrest and negative work culture was a threat to port operation.

Technological aspects included; cybercrime and hacking threats and the faster pace in technological changes. On legal factors; the national and county regulations thus interfering with are port development. Others cited were cumbersome regulatory compliance requirements. Ecologically, the carbon emitted from the port might tarnish its image included changes in climate. It was however noted that the corporation was working to words mitigating these effects.

The study also concludes that the corporation had been able to handle most of these challenges through initiating and implementing appropriate strategies. The corporation thus strategically responds to the changes due to dynamic business environment. The successful strategies adopted include: complying with various regulatory requirements such Environmental Management and Coordination Act, 1999 and international environmental/maritime policy guidelines, participation in CSR activities, collaborations with stakeholders and Partner Government Agencies (PGAs). The corporation invested more in research and development. Additionally, the organization also established an operations control centre and a customer engagement centre simultaneously to improve in service delivery to the customer

Apart from those, the organization improved port services, upgraded the ICT systems and acquired modern equipment. Further, it company was developing of Lamu and Kisumu ports, improving labor productivity, enhancing risk management and environmental

sustainability through embedding risk management in all processes and systems and compliance to international ISO standards on risk.

5.4 Recommendations and Implication of the Study

Although the organization has been successful to a larger extent in dealing with the challenges brought about by changes in the external business environment, based on the findings and conclusion. The study recommends that the organization should review its strategies whenever necessary in order to realign them with external changes. The external environment is ever changing. A strategy that have worked today may not necessarily be applicable in the future given the nature of different changes occurring. As a result of this, as the corporation focuses on its strategic plan, it will be appropriate to review some of the strategies that are no longer fruitful. Besides, there are certain sudden changes that may occur that are not captured within the strategies included in the strategic plan, therefore, a review in the strategies will be necessary, to incorporate the necessary responses to these changes. Finally, the organization should remain aggressive in adopting emerging technologies in order to keep pace with the changes and to remain competitive.

Secondly, there should be a change advisory body to ensure that resources are successfully deployed in managing change and in the event of change in leadership. Such a body will ensure that the strategic responses adopted by different leaders are implemented to the later in spite of the changes in leadership. In addition to this, the allocation and use of resources in implementing the necessary strategies can well be managed by expertise who are

knowledge on what and how much resources should be put in place for successful implementation process. This makes it relevance to have a change advisory body.

The study also recommends that there is need to have stability in top leadership to ensure smooth handling of changes in the organization. This will ensure that there is continuity in the implementation of the strategies and assessment can also be done to establish their success. Furthermore, it will safeguard against the act of abandoning well initiated strategies at the coming of new leadership especially by those leaders that are less tolerant to other people's initiatives.

There is need for sound financial management and discipline and at the same time the corporation should focus on growing its own revenue for sustainability purpose. Discipline in the use of available financial resources will ensure that the corporation is efficient and cost effective in its operations. The question on the availability of finances for the purpose of implementing the strategies will not arise if the corporation is able to come up with ways of generating its own income instead of depending on the allocation done by the government. Furthermore, the corporation through various initiatives is capable of coming with different sources of revenue that are sustainable in the long run.

5.5 Limitations of the Study

This study was conducted in one organization, KPA, the findings therefore may not apply widely to other companies and contexts. Organizations may vary in their strategic responses

to the dynamic external business environmental changes. Besides, the study was carried out in a government owned institution, the findings therefore may not be applicable in a private organization.

Secondly, the researcher found it very hard to get approval from the management of the corporation to collect the data and to get access to the secondary data from the organization. There was a lot of protocol and delay in the approval process. However, the researcher used the introductory letter from the University seeking to be allowed to collect the data. In addition to this, the researcher was able to explain the reason for embarking in this exercise and assured the respondent of confidentiality of the information gathered and particularly the fact that it was meant for academic use only.

5.6 Suggestions for Further Research

The study recommends that further research should be done in the other organizations in the public sector as well as the private sector so as to get comprehensive information on how the other companies in the sectors have responded towards changing external environment. This study particularly focused on one organization, KPA, and hence may not be very comprehensive in capturing a true picture of all public organizations. Besides, it is a public institution therefore, these outcomes may not truly represent what happens in private institutions thus giving room for further investigations.

Secondly, this study did not investigate the effect of these strategic responses on the performance of KPA, research needs to be done to determine what effect it could have on the performance of the company. This is important because the performance of the organization is what indicates the success of the strategies that a company puts in place. Moreover, the strategic responses are part of the cost that organizations expend hence there is need to find out if there are benefits that accrue from such expenditures. Additionally, in this study, the resultant data was obtained at one particular time period but with the changes occurring overtime, collecting data and different period in time would help in gauging the beneficial nature of those strategies adopted.

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APPENDICES

Appendix 1: Interview Guide

Section A: Demographics

- 1) Indicate your position in company.....
- 2) Department.....
- 3) Your education level.....?
- 4) Your tenure.....?

Section B: The External Business Environment

- 5) What are KPA's instruments for discerning changes in the external business context?
- 6) From your personal perspective what can you describe as key changes KPA had to grapple with in the previous 10 years?
- 7) How would you rate KPA's preparedness for change?
- 8) Is dynamic external business environment threatening your company's existence? If you consider this as yes, then enumerate the threatening elements.
- 9) Which are the external environmental factors that have an impact in your company's operation with respect to political, economic, social, technological and ecological elements?

Section C: Response Strategies

- 10) Highlight strategies KPA came up with to counter changes in the dynamic external business context.
- 11) According to you, are these strategies bearing any fruits? In case they are, kindly offer an explanation as to why.

12) In your own judgement, are the resources dedicated towards responding to change by your organization sufficient?

13) Does your organization consider changing its strategies? If this is the case, then what are the reasons?

14) In your own opinion, what can you suggest to your organization to consider and initiate as part of effectively responding changes posed by environment.

15) Altogether, would you say that your corporation is successful in handling changes in the dynamic external business environment? How? Explain?

Appendix 2: Letter of Introduction

University of Nairobi,
P. O. Box 30197-00100,
Nairobi, Kenya.

Date:

Dear Respondent,

My name is Anita Chitta. I am a University of Nairobi student, undertaking an MBA (Strategic management) course. I am currently doing my proposal; my area of interest is strategic responses adopted by KPA to dynamic external business environment during Covid - 19 pandemic era. The research is only meant to complete my degree course. I kindly persuade you to assist me achieve this through your participation in the interview. Confidentiality and anonymity of any information given are guaranteed.

Thank you.

Yours faithfully,

Anita Chitta

Tel No: 0704959414

Appendix 3: List of Ports in Kenya

1. Mombasa Port
2. Lamu Port
3. Malindi Port
4. Kilifi Port
5. Mtwapa Port
6. Kiunga Port
7. Shimoni Port
8. Funzi Port
9. Vanga Port
10. Kisumu Port
11. Inland container depot Nairobi (ICDN)

Source: www.kpa.co.ke (2020)