

**STRATEGIC RESPONSES BY INTERNATIONAL LIVESTOCK  
RESEARCH INSTITUTE TO CHALLENGES OF GLOBALIZATION  
IN KENYA**

**BY**

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## **DECLARATION**

This Research project report is my original work and has not been presented for any award of degree in any other university.

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## **DEDICATION**

To my wife Dorice Nelima, you always prayed for me and encouraged me to get nothing but the best and also provided financial and moral support and to my two daughters Natasha and Tatiana who made me learn that in life you can achieve what you desire only if you are determined to do so.

## **ABSTRACT**

Globalization can be understood as a driving force affecting many global issues, from migration to fair trade to debt relief. Globalization has brought with it challenges that have made the local firms in Kenya to devise means of staying competitive not only in the global market but also in the local market. This has been a concern to International Livestock Research Institute (ILRI) as it looks for ways of improving efficiency and quality of their research to its client and stakeholders. This research study was aimed at determining the challenges brought about by globalization and the strategic responses employed by the ILRI in mitigating the same. The unit of analysis was one organization (ILRI) thus qualitative data was collected through in-depth interview with the CEO and the Director in charge of institution planning and strategy. Secondary data was obtained from the existing ILRI records that were analyzed through content analysis technique. The study found out that ILRI faces many challenges that are as a result of globalization. These include a changing CGIAR, competition for resources, rapid technological changes, political environment, Changing organizational landscape and sub-regional initiatives, Trade, market liberalization and social and economic challenges. These challenges can be summarized into Planning and strategy, competition, technological issues, political environment and establishing strategic partnerships. The social challenges include the Aids scourge, which threatens the human resource and translates to higher social responsibility costs and the stakeholders (farmers) increasing poverty. ILRI responded by coming up with a ten-year strategy, which was developed to respond to the globalization challenges it was facing hence ILRI's strategy 2013-2022 was emerged from a wide process of consultation and engagement. ILRI appreciates that partners play a key role in its existence and survival hence every objective starts with acknowledging and appreciating the partnership with other stakeholders.

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## **ACRONYMS AND ABBREVIATIONS**

**BecA:** Biosciences East & Central Africa

**CGIAR:** Consultative Group on International Agricultural Research

**CaSt:** Capacity Strengthening

**FARA:** Forum for Agricultural Research in Africa

**FAO:** Food and Agriculture Organization of the United Nations

**IFAD:** International Fund for Agricultural Development

**KMIS:** Knowledge Management Information System

**MNC:** Multinational Corporation

**NAS:** National Academy of Sciences

**R&D:** Research and Development

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Although business has been conducted across national boundaries for centuries, during the last three decades business dealings on a global scale have dramatically escalated. Initially, only innovative/risk taking corporations around the world turned their attention to international business in order to maintain a competitive edge in a dynamic marketplace. But slowly, even hitherto strictly domestic firms have been forced into looking beyond national frontiers for their economic survival (Subhash et al 2012). One of the ways through which these organizations have done is through implementation of the Strategy.

Michael Porter's theory of the competitive advantage of nations provides a sophisticated tool for analyzing competitiveness with all its implications. Porter's theory contributes to understanding the competitive advantage of nations in international trade and production. Its core, however, focuses upon individual industries, or clusters of industries, in which the principles of competitive advantage are applied. His theory begins from individual industries and builds up to the economy as a whole. Since firms, not nations compete in international markets, understanding the way firms create and sustain competitive advantage is the key to explaining what role the nation plays in the process. Therefore, the essence of his argument is that "the home nation influences the ability of its firms to succeed in particular industries" (Porter, 1999).

Virtually all modern theories of organization utilize the open systems perspective. As a result, open systems theories come in many flavors. For example, contingency theorists argue that organizations are organized in ways that best fit the environment in which they are embedded (Brett, 1997). Institutional theorists see organizations as a means by which the societal values and beliefs are embedded in organizational structure and expressed in organizational change. Resource dependency theorists see the organization as adapting to the environment as dictated by its resource providers. Although there is a great variety in the perspectives provided by open systems theories, they share the

perspective that an organization's survival is dependent upon its relationship with the environment (Scott, 2002).

### **1.1.1 Strategic Responses**

Strategies, in the field of business management are plans that integrate organizations major goals, policies and action sequence into a cohesive whole (Mintzberg et al 2002). According to Kepner-Tregoe (2001) strategy is a framework within which the choices about the nature and direction of an organization are made. Porter (1991) portrays the firm as a set of discrete but interrelated economic activities, with the interrelationships among these activities defined by its strategy. He argued that the discrete activities are part of an interdependent system in which the cost and effectiveness of an activity is affected by the way other activities are performed.

A strategic fit is necessary in matching the activities of an organization to the environment since it depends on it for the input and market (Mintzberg et al, 2002). Strategies have to be sought that make the organizations favorable to the environments in which they operate. These changes are referred to as strategic responses as they affect the whole organization in the scope of its people and processes involved in their production activities. Eisenhardt (1989) suggests that strategic decision is made at the strategic level and is aimed at transforming the organization from its current situation to better state usually perceived to be a better position for the organization that makes it gain a competitive advantage over their rivals.

Czinkota and Ronkainen (2005); Palpacuer (2005); Tolbert et al. (2002) proposed major forms of business strategy in response to the dramatic changes brought by globalization include, for example: investments in new technologies, downsizing and reengineering, the formation of strategic alliances and networks, a shift from international and multinational to global, value added activities (e.g. launched new products, extended operation to new territories, outsourcing, engaged in monitoring and evaluation), transnational strategies (e.g. reduction of costs through economies of scale and standardization)According to Ansoff and McDonnell (1990), increased competition has created a fundamental shift in the economic environment where no organization can hope to stay afloat if it fails to come up with proper strategic responses. Terminologies such as retrenchment, mergers, restructuring, rightsizing and cost reduction have become routine for survival means.

Strategic responses to changes in environment is being practiced by all focused organization and ILRI should not be an exception, therefore ILRI should engage itself in strategies that will enable it to respond to the challenges and also act as a prerequisite to transformation it into a truly international livestock research body, proactive, an effective and efficient customer driven organization, in order to gain competitive advantage over their competitors and, indeed, even for its continued survival in the great Agricultural Industry (ILRI, 2011).

### **1.1.2 The Concept of Globalization**

Some see the world-system paradigm as a ‘precursor’ to globalization theories, and indeed, as Arrighi has observed, ‘world-systems analysis as a distinctive sociological paradigm emerged at least 15 years before the use of globalization as a signifier that blazed across the headlines and exploded as a subject of academic research and publication’ (Arrighi, 2005). World-systems theory shares with several other approaches to globalization a critique of capitalism as an expansionary system that has come to encompass the entire world over the past 500 years. As elaborated by Wallerstein, it is constituted on the proposition that the appropriate unit of analysis for macro-social inquiry in the modern world is neither class, nor state/society, or country, but the larger historical system, in which these categories are located.

Another set of theories of globalization, global capitalism school, shares with the world-systems paradigm the critique of capitalism, an emphasis on the long-term and large-scale nature of the processes that have culminated in globalization, and the centrality of global economic structures. Sklair (2002) has put forward a ‘theory of the global system’, at the core of which are ‘transnational practices’ as operational categories for the analysis of transnational phenomena. Robinson (2004) has advanced a related theory of global capitalism involving three planks: transnational production, transnational capitalists and a transnational state.

Manuel Castells’ groundbreaking trilogy, *The Rise of the Network Society* (1998), exemplifies a ‘technologist’ approach to globalization. While his theory shares with world-system and global capitalism approaches an analysis of the capitalist system and its dynamics, it is not the logic of capitalist development but that of technological change that is seen to exercise underlying causal determination in the myriad of processes referred to as globalization. Castells’ approach has been closely associated

with the notion of globalization as representing a new ‘age of information’. In his construct, two analytically separate processes came together in the latter decades of the twentieth century to result in the rise of the network society. One was the development of new information technology (IT), in particular, computers and the Internet, representing a new technological paradigm and leading to a new ‘mode of development’ that Castells terms ‘informationalism’.

### **1.1.3 The Challenges of Globalization**

Globalization is the interconnectedness of the world economies as brought about by development in science and technology. Case and Fair (2007) defined globalization as the process of increase of inter-dependence among countries and their citizens. They observed that globalization is characterized by a growing worldwide interconnectivity, rapid discontinuous change, growing numbers and diversity of participants and greater managerial complexity.

Economic and financial globalization and the expansion of world trade have brought substantial benefits to countries around the world. But the current financial crisis has put globalization on hold, with capital flows reversing and global trade shrinking. Some analysts see the drivers of the recent globalization wave getting undermined, with protectionism on the rise. Even supporters of globalization agree that the benefits of globalization are not without risks such as those arising from volatile capital movements (Wolf, 2005).

Globalization, a highly complex and controversial concept, is not a new phenomenon but a continuation of developments that have been going on for some considerable time. The recent trend of globalization of economic activities is qualitatively different, however, as the world has definitely ceased to be a collection of relatively autonomous economic agents that are only marginally connected and are less immune to events in their neighborhoods. Today, globalization involves numerous features, but the following three seem to be the main engine driving global economic integration: (a) internationalization of production accompanied by changes in the structure of production, (b) expansion of international trade in trade and services, and (c) widening and deepening of international capital flows (Mrak, 2000).

#### **1.1.4 The Agricultural Sector**

Globalization, trade liberalization, consumer preferences, public concern about food safety and the environment, and changes in the relationship between agriculture and rural communities have altered the context in which agricultural research is conducted. At the same time, emerging approaches in biotechnology and genomics, ecosystem science, and social science have also transformed the practices and products of agriculture. Advances in science have opened new frontiers in agricultural research that have put solutions to global challenges within our reach (Monsod, 2002).

These challenges have been brought about by: Changing consumer demands that require a wider variety of products with increasing health and environmental benefits; Shifting market structures that coincide with decreased economic importance of agriculture in rural areas; New scientific advances, such as genomics and proteomics, greater understanding of ecosystem patterns and processes, and new modeling tools have altered the practices and products of agriculture and provided further opportunities for research; Expanded private-sector research focused on productivity gains heightens the need for public research with broad social benefit.

The policy and institutional context in which agricultural research and innovation occurs has changed dramatically (Chema et al. 2003). Rapid changes continue to take place in the structure and authority of governments, the global economy, the structure of the farming sector and in the global and local food industries and retail businesses. The institutional landscape is also changing dramatically. The ‘third parties’ (such as civil society, farmer organizations and NGOs) are increasingly playing an important role in agricultural R&D. Cross sectorial linkages between agriculture and other sectors (such as water, health, energy and education) are becoming increasingly important. The agricultural sector is expected to play a significant role in poverty alleviation and food and nutrition security, while protecting the environment. Research and support services are now inextricably linked to the broader development questions. With reduced funding support, the agricultural R&D system is now forced to face questions on its continuing relevance, approaches, accountability and impact.

Recent studies (Hall and Nahdy 1999; Ashby et al. 2002 and Chema et al. 2003) show that many organizations, especially publicly funded agencies dealing with agricultural R&D in developing countries are facing a crisis of confidence among key stakeholders

due to: lack of strategic planning that indicates future directions; inward looking attitudes; poor participation and cooperation of end-users in research activities; inadequate monitoring and evaluation systems; top-heavy, bureaucratic procedures; insufficient resources for effective implementation of priority research; lack of effective external linkages and lack of evaluation and performance culture.

This crisis was found to result in organizational inefficiencies, lack of adequate stakeholder participation and responsiveness, decreasing investor confidence, inadequate staff motivation and morale, limited research and service outputs, limited uptake and utilization of research findings and a ‘brain-drain’ from the public sector (Biggs and Smith 1998).

### **1.1.5 International Livestock Research Institute (ILRI)**

The International Livestock Research Institute (ILRI) is a complex organization with a global mandate for livestock research for development that intersects with actors from farmers to global investors, spans several continents and interacts with research and development communities. ILRI is a not-for-profit institution with a staff of about 600 and, in 2012, an operating budget of about USD 60 million. A member of the CGIAR Consortium working for a food-secure future, ILRI has its headquarters in Nairobi, Kenya, a principal campus in Addis Ababa, Ethiopia, and offices in other countries in East, West and Southern Africa and in South, Southeast and East Asia (ILRI, 2013).

The International Livestock Research Institute (ILRI) works to improve food security and reduce poverty in developing countries through research for better and more sustainable use of livestock. ILRI is a member of the CGIAR Consortium which works for a food-secure future. In a rapidly changing world, food and agricultural innovation systems in developing countries are facing new and increasingly complex challenges (Anandajayasekeram et al, 2008). ILRI’s strategy (2013 - 2020) aims to further an environment and culture for high-quality, high-impact livestock research for development. This strategy builds on the institute’s established and unique global pro-poor livestock mandate, its evidence-based conviction that livestock have a vital role to play in enhancing food and nutritional security and reducing poverty in developing countries and its existing expertise, research agenda and partnerships.

ILRI takes responsibility for working with partners to make its research outputs relevant, accessible and available to practitioners, investors and policymakers, enabling them to make better-informed choices, and complementing this work with needs-driven capacity development. By doing so, ILRI helps to ensure that livestock fulfill their huge potential to enhance developing-country food and nutritional security, and significantly reduce poverty, while also working to minimize the threats livestock can pose to the health of poor people and the environment in short, ensuring better lives through livestock (ILRI, 2013).

## **1.2 Research Problem**

The challenges of globalization are felt by virtually all the industries and sectors and the Agricultural sector is no exception. Economists believe that the onset of the global integration means the globalization of financial flows, technology and communication. Further, globalization is much more than the worldwide production and consumption of products (Eden and Lenway, 2001). It is not just an economic or cultural trend but a movement of ideas, lifestyles, and developments that could affect our families, our employment, and the future of the world. It is the process of increasing social and cultural inter-connectedness, political interdependence, and economic, financial and market integrations (Giddens, 1990; Molle, 2002; Orozco, 2002).

Pearce and Robinson (1997) observed that for organizations to be effective and successful, they should respond appropriately to changes that occur in their respective environments. Agricultural organizations worldwide as a result of globalization are becoming increasingly interrelated. Globalization is creating numerous opportunities for sharing knowledge, technology, social values, and behavioral norms and promoting development at different levels including individuals, organizations, communities, and societies across different countries and cultures (Brown and Lauder, 1996; Waters, 1995). Globalization comes with enormous challenges such as liberalization of markets, intense competition, decline of domestic job opportunities and revenues, economic volatility of the integrated markets, cyclical crises, and non-tariff barriers to trade, spread of pandemics, and new security issues.

These challenges are having a profound effect on livestock production and marketing of the smallholders in rural areas. The livestock sector in developing countries will have to cope with such changes and new challenges that relate to the sustainability of

livestock production, farmer's livelihoods and rural development. Similar risks and concerns are reflected in smallholder-based livestock production systems in many developing countries and the challenges that ILRI in Kenya is facing are significant from a global perspective (Anandajayasekeram et al 2008).

Studies were carried out internationally in the field of strategic management, just to mention a few. Al-Ajlouni (2009) in his study on developing strategies for Islamic banks to face the future challenges of financial globalization in Saudi Arabia. Wu and Pangarkar (2006) in China studied the rising to the Global Challenge: Strategies for Firms in Emerging Markets. Hickling et al, (2003) studied strategic challenges confronting University of West Indies, Mona campus. Locally in Kenya several studies in this area of strategy and strategic response were carried out, that includes; Thiga (2002) in his study on strategic response of Kenya Airlines in the face of changing environment. Chepkwony (2001) in his study on strategic response of petroleum firms to challenges of increased competition, Ingwe (2012) in his study on strategic responses by the National Bank of Kenya to challenges of globalization.

However, the literature cited above indicates that there has been no known study focusing on the strategies adopted in response to external environmental changes influencing Agricultural sector in particular Livestock sector. Hence, this study therefore was seeking to fill the existing gap in knowledge by establishing what strategic responses ILRI Kenya has adopted to deal with globalization challenges and how effective they have been.

### **1.3 Research Objectives**

The study was guided by the following objectives:

- i. To determine the challenges of globalization faced by ILRI Kenya
- ii. To establish the Strategic responses adopted by ILRI Kenya to deal with globalization challenges
- iii. To evaluate the effectiveness of the Strategic responses adopted by ILRI to globalization challenges

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

This study may be important to academic researchers, scholars and research organizations who may wish to carry out further studies in this area as it may provide them with the information that may serve as a basis for their studies. It may also be useful to individual researchers as it may facilitate them to identify gaps for further studies.

This research study may be of great benefit to the ILRI management team, as it will provide them with information on the outcome of the strategies that they have implemented. The study will also help the managers in identifying factors of the environment that affect their organization and hence be able to make informed decisions.

The findings of this study may also provide information that could be used by the government in the formulation of policies and practices that will promote initiatives (in agricultural research and development sector) that are more sustainable.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews theoretical and empirical literature related to the research problem. It examines what various scholars and practitioners have written about strategic responses and globalization.

#### **2.2 Theoretical Underpinning of the Study**

Since firms, not nations compete in international markets, understanding the way firms create and sustain competitive advantage is the key to explaining what role the nation plays in the process. Therefore, the essence of his argument is that “the home nation influences the ability of its firms to succeed in particular industries” (Porter, 1999). Given this interdependence, it appears that in order to draw conclusions on the competitiveness of the particular industry, consideration of the different facets of the competitive diamond of the whole nation is needed. Michael Porter considers the competitiveness of a country as a function of four major determinants: factor conditions; demand conditions; related and supporting industries; and firm strategy, structure, and rivalry.

Even though these determinants influence the existence of competitive advantage of an entire nation, their nature suggests that they are more specific of a particular industry rather than typical of a country. The reason for this is that in Porter’s theory the basic unit of analysis for understanding competition is the industry. “The industry is the arena in which the competitive advantage is won or lost.” Therefore, seeking to isolate the competitive advantage of a nation means to explain the role played by national attributes such as a nation’s economic environment, institutions, and policies for promoting firms’ ability to compete in a particular industry (Porter, 1999).

When trying to determine the sources of competitive advantage in an industry, the latter should not be considered separately but rather in the context of the whole economy. Special account should be taken of the industries which are directly related or support the one whose competitiveness is a subject of investigation. The reason for this requirement is that, provided supplier industries possess an international advantage, downstream industries could benefit from it in several ways. One of them refers to the

access that competitive supplier industries provide access to cost-effective inputs. Given the increasingly significant globalization process, which makes inputs available on global markets, emphasis should be put not on the availability of the inputs but on their effective utilization.

It refers to a mutual influence between firms and their suppliers. On the one hand, suppliers help firms to perceive new methods and opportunities to apply new technology. A spur to innovation could, on the other hand, be given from firms to their suppliers by influencing suppliers' technical efforts in a direction of testing new developments and ideas. Other factors such as exchange of Research and Development, joint problem solving or transmitting of information through suppliers to different firms contribute to the establishment of a fast pace of innovation within the entire national industry.

Three strategy levels identified are corporate business and functional levels (Pearce and Robinson 1985). Board of directors, chief executive officer, formulates corporate strategies. They identify the mission of the organization, scope of business and structure of management Thompson (1993). Business strategies provide functional objectives and strategies for individual divisions while functional strategies are at the operational level. Miller and Friesen (1982) define pro-activeness as the extent to which firms attempt to lead rather than follow competitions in key business areas like in new products. A proactive strategy requires continuous evaluation of the firms' position vis-à-vis changes in environmental variables. It also involves redefining objectives and performance targets and re-thinking the firms strategic orientation.

Reactive strategists prefer stable and predictable environments where industry norms induce conformity in strategy and structure or firms adopt mechanistic structures with emphases on rules, policies, scheduling and other such means of promoting internal efficiency. The activities that comprise a reactive strategy are often not well integrated and are mismatched with demands of the environment (Hambrick, 1983). In reality though, all activities that comprise a firm's strategy are not completely proactive or completely reactive. Firms adopt varying combinations of the two strategy type. Firms pursuing proactive strategies may sometimes have to conform to industry norms and adopt standardized strategies in certain areas because they are the best strategies at the point in time.

### **2.3 Globalization**

Globalization is the term used to describe the recent impact of innovations in communications and transport systems on trade and the growing interdependence of countries due to economic sophistication and growing output. These innovations have encouraged nations to reduce the high levels of protection between trading blocs of countries and to adopt policies to liberalize their economies in order to increase their volume of trade, including trade in agricultural products (Robbins, P. and Ferris, R. 2003).

Globalization is a force that has brought about increased interdependencies among many actors across the world, which has never been witnessed (Czinkota and Ronkainen, 2007; Peters and Pierre, 2006). Therefore, the world is both becoming more homogenous and that the distinctions between national markets, for some products/services, are fading away. Essentially, there abound numerous opportunities such as large markets, access to modern technology, access to modern and superior goods/services, fewer barriers to trade and capital flows for interdependent actors in our globalized world. Consequently, integrated and/or interdependent markets should be virtually free from all forms of trade barriers. Trade liberalization, therefore, assumes importance (Peng et al., 2008; Czinkota and Ronkainen, 2007)

### **2.4 Strategic Responses**

Due to the emergence of global market opportunities and threats evoked by globalization, firms have been forced to respond quickly to those effects, thus, have to adapt their organizational strategies, structures, and competencies (Garrette, 2001; Jones, 2002). Firms that appropriately respond to these trends have been found to improve their business performance (Cox and Bridwell, 2007; Knight, 2000).

Czinkota and Ronkainen (2005) found that firms will continue their globalization efforts in two significant ways. First, they will pursue economies of scale through standardization and the ability to leverage resources (such as knowledge) across borders. Second, at the same time, globalization will result in significant internal organization changes, especially in terms of the efficiency of organizational competencies and strategies to detect both commonalities and differences, and in terms of securing the best talent and competencies worldwide (Lichtenthaler, 2005; Tolbert et al., 2002). While extending from home to host countries, various external aspects, such

as local cultures, regulatory environments and global standards, must all be taken in to consideration (Galbreath (2006); Huggins and Izushi 2008). In all of these areas, corporations meet the situation in which they have to cope with external drivers (i.e. political and economic forces, national identities and cultural difference).

Czinkota and Ronkainen (2005); Palpacuer (2006); Tolbert et al. (2002) proposed major forms of business strategy in response to the dramatic changes brought by globalization that include investments in new technologies, downsizing and reengineering, the formation of strategic alliances and networks, a shift from international and multinational to global, value added activities (e.g. launched new products, extended operation to new territories, outsourcing), transnational strategies (e.g. reduction of costs through economies of scale and standardization)

Amongst these various forms of business improvement to manage globalization level, strategy development is considered the most important business trend (Czinkota and Ronkainen, 2005; Kasmai and Iijima, 2002). It is of interest to both academics and practitioners to explore how corporate strategy development helps firms achieve superior international performance (i.e., increasing sales abroad, expanding overseas market and accessing global customer) in the globalization era.

## **2.5 Strategic Responses to Challenges of Globalization**

Strategy is a set of decision-making for guidance of organization behaviors, strategy and objectives are used to filter projects hence they appear similar but they are distinct. Objectives represent the ends to which the firm is seeking to attain while strategy is the means to these ends, (Ansoff and McDonnell, 1990). According to Hax and Majiluf, (1996) there are various dimensions in the concept of strategy, it can be seen as a multidimensional concept that embraces all of the critical activities of the firm, providing it with a source of unity, direction, and purpose as well as facilitating the necessary changes induced by its environment.

The role of strategy is not viewed as just passively responding to the opportunities and threats presented by the external environment but as continuously and actively adapting the organization to meet the demands of a changing environment including globalization. Johnson and Scholes (2002), note that strategy is the long term direction and scope of an organization that facilitates the achievement of an advantage, for the organization, through the mode of arrangement of resources within a changing

environment. This would enable the organization to meet the needs of markets and to fulfill stakeholder expectations. Thus strategy is viewed as the matching of the activities of an organization to the ever-changing environment in which it operates.

According to Ohmae, (1993), the only purpose of strategic planning is to empower an organization to efficiently gain a sustainable competitive edge over its competitors. Hill and Jones (2004) conclude that the strategies an organization pursues have a major impact on its performance relative to its peers and hence it's sustainable competitive advantage. Johnson and Scholes (2002), identify political, economic, social, technological and ecological factors as comprising the external environment that presents the organization with opportunities, threats and constraints.

Leaders in organizations have to constantly monitor developments in the environment and take action to maintain an appropriate relationship between their organization and external environment. Burnes (2000) notes, that due to political, economic, social and technological changes, history of organizations has been that of change and upheaval since the industrial age. Because of the pace of change and uncertainty, such change vary from organization to organization however, no matter what level of turbulence is, what matters is the ability of the organization to cope with the environmental constraints, challenges and threats.

According to Kepner-Tregoe (2001), effective strategic response can be achieved in five phases: phase I entails strategic intelligence gathering and analysis and it ensures that the depth and breadth of information on which strategic decisions are based is up-to-date, accurate, and relevant; phase II consist of strategy formulation which gives results in the creation of a strategic vision or profile; phase III is referred to as strategic master project planning during which the plan for strategy implementation is developed in order to align the organization structure with the strategy; phase IV involves strategy implementation where by the planned actions are taken, implementation is monitored, and the Strategic Master Project Plan is modified as and when required; and phase V, strategy monitoring, review, and updating helps to determine whether there's success in the overall strategic response. Strategic surveillance is designed to monitor a broad range of events that are likely to affect the strategy of the company. Strategic surveillance can be done through a broad-based, general monitoring, based on selected information sources to uncover events that are likely to affect the course of the strategy

of an organization (Hill & Jones, 2004). According to Schreyogg and Steinmann (1987) strategic surveillance task involves scanning the firm's internal and external environments to identify emerging issues and trends, which could eventually disrupt the effectiveness of existing strategies.

Strategic surveillance processes try to anticipate the need to change strategy, so that action can be taken before the window of opportunity for effective response closes. From these definitions, strategic surveillance can be considered as a generalized and overarching control designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of a firm's strategy. External monitoring does not only allow assessment of strategic progress relative to pre-established goals or competitors but also allows organizations to determine whether environmental circumstances has changed enough to make current strategic plans and control obsolete (Preble, 1992). Methods available for monitoring external performance include competitive benchmarking of products and process relative to competitors or other industry players, strategic audits of company position in respect to key competitive threats, and measurement of customer satisfaction with and competitor responses to strategic moves.

Potential actions during the feedback process include revising organizational strategies, reassessing planning premises and action plans, or recasting managerial objectives. In the present day competitive business environment, evaluation and control process is crucial to ensure sustainable competitive advantage by the firm. The environment is dynamic, changing and unpredictable. The rate and intensity of change facing every organization is increasing daily. These changes are driven by new technologies, regulatory changes, globalization and increasing customer expectations.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research methodology the researcher used to achieve the objectives of the study. According to Mugenda and Mugenda (2003), research methodology outlines the techniques, methods and tools used in data analysis. The chapter also covers research design, data collection and data analysis methods.

##### **3.1.2 Research Paradigm**

According to Taylor, Kermode, and Roberts (2007, p. 5), a paradigm is “a broad view or perspective of something”. Additionally, Weaver and Olson’s (2006) definition of paradigm reveals how research could be affected and guided by a certain paradigm by stating, “paradigms are patterns of beliefs and practices that regulate inquiry within a discipline by providing lenses, frames and processes through which investigation is accomplished”.

The researcher adopted a qualitative paradigm for this study. According to Creswell (1994) "A qualitative study is defined as an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting. Quantitative paradigm is an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether the predictive generalizations of the theory hold true.

#### **3.2 Research Design**

A case study research design was used for the purpose of this study. Mugenda and Mugenda (2003) asserted that a case study research design is appropriate where a detailed analysis of a single unit is desired as it provides a focused and in-depth understanding of a phenomenon.

It is a method that drills down, rather than cast wide. Research design constitutes the blue print for the collection, measurement and analysis of data (Kothari, 2006). The

function of research design is to provide for the collection of relevant evidence with minimal expenditure of effort, time and money.

Empirical research in the social sciences requires both accurate and reliable measures. Collection of data takes many forms in the social sciences including measurement of perceptions, cognitions, opinions, and other latent constructs that can't be measured directly. When it comes to quantification of people, perceptions, and events, there are 4 main types of measurement. A ratio scale is the top level of measurement and is not often available in social research, hence this was adopted.

### **3.3 Data Collection**

Primary and secondary data was collected for the purpose of this study. Secondary data was obtained from existing ILRI records. The instrument used in primary data collection was an interview guide which comprised open-ended questions. Cooper and Schindler (2008) points out that open-ended questions help measure sensitivity or disapproval of behavior, encourage natural modes of expression and allows the respondents to include more information, including feeling, attitudes, and understanding of the issues (Bryman & Bell, 2007)

The questions were geared to acquire the opinion of the respondent on the strategic responses by ILRI on the challenges of globalization. The study considered two (2) respondents; the Director General, who is the CEO and Director in-charge of institutional planning and strategy. The respondents were expected to give an insight into the strategic responses adopted by ILRI to deal with the challenges of globalization in their respective positions.

### **3.4 Data Analysis**

Data was analyzed and evaluated using content analysis, data collected was summarized according to the study objectives. Cooper and Schindler (2008) point out that content analysis measures the semantic content or the 'what' aspect of the message. Its breadth makes it a flexible and wide ranging tool that may be used as a methodology or as a problem specific technique. He further points out that content analysis guides against selective perception of content and provides for rigorous application of reliability and validity criteria.

According to Mugenda and Mugenda (2003), the main purpose of content analysis is used to study the existing information in order to determine factors that explain a specific phenomenon. To conduct the conceptual content analysis, the data collected was categorized in the following themes; strategic responses, the challenges of globalization, vision, strategies adopted to respond to the challenges and various organizational responses, levels of competition and implementation in as far as globalization of the industry is concerned.

### **3.5 Validity and Reliability**

Instrument validity refers to the accuracy and meaningfulness of inferences which are based on research results obtained from analysis of data that actually represent the phenomena under study. It therefore refers to how accurately the data obtained in the study represents variables of the study (Kombo and Troop, 2002). The researcher conducted a pilot study by administering an interview to one of the responded that was randomly selected in Nairobi. After analyzing pilot results, irrelevant and baseless items were discarded and replaced with more relevant and logical ones that elicited required responses.

According to Mugenda and Mugenda, (1999) reliability is the measure of the degree to which a data collection instrument yields consistent results or data after repeated trials. A reliable data collection instrument is one that produces consistent results when used more than once to collect data from a sample randomly selected from the sample population. The researcher used test-retest method to test reliability of the research instrument. Pearson Moment Product Coefficient was determined and the results used to determine Correlation Coefficient that was found to be 0.879 which was above the recommended one of 0.7, Bobbie, (2002).

## **CHAPTER FOUR**

### **DATA ANALYSIS FINDINGS AND INTERPRETATIONS**

#### **4.1 Introduction**

This chapter presents analysis and findings of the research. Findings in this chapter have tried to fulfill the objectives of this study. Two respondents were involved in the study out of the target two, therefore generating 100% response rate. Data obtained in the study was analyzed using content analysis. When using content analysis, the aim was to build a model to describe the phenomenon in a conceptual form.

Content analysis is a research method for making replicable and valid inferences from data to their context, with the purpose of providing knowledge, new insights, a representation of facts and a practical guide to action (Krippendorff 1980). The aim was to attain a condensed and broad description of the phenomenon and the outcome of the analysis as concepts or categories describing the phenomenon.

#### **4.2 Challenges of Globalization faced by ILRI**

The last one or two decades of this century can be described in many different ways, and the direction in which we are moving has been discussed in many different forum. However, there can be little doubt that worldwide globalization issues have been in therefore front of every discussion and organization, and ILRI has no exception. Globalization means moving away from well-known, traditional structures, organizational forms, and hierarchies and entering the unknown; it means change. And just as we have seen change in the global economy, so should we expect change in the global agricultural research system.

Internationalization has been a long-standing tradition in the agricultural sciences. The generation and diffusion of agricultural technology, for national development purposes, has long been a topic of great concern to both agricultural policymakers and agricultural economists (Stephan 1996). With increasing awareness of the importance of globalization, a number of economists have attempted to quantify the importance of technology inflows (Bayoumi et. al, 1996) and have compared the importance of inflows to locally generated research and development (R&D) output (Byerlee 1996). Due to the globalization effects, ILRI has faced various challenges as highlighted by the respondents interviewed below.

#### **4.2.1 A changing Consultative Group on International Agricultural Research (CGIAR)**

In 2010, the 15 international research centers supported by the donors making up the Consultative Group on International Agricultural Research (CGIAR) joined to form a single Consortium of CGIAR Centre's, governed by a board and supported by a Consortium Office. This organizational change was motivated by discussions within the CGIAR that the research system could be more efficient and effective if donors were to provide research funding in a more collaborative, multiyear framework and Centre's were to work more closely with each other and with partners outside of the system (Anandajayasekeram et al, 2008).

ILRI faces three strategic challenges in responding to this new CGIAR/Consortium context. First, how can ILRI best take advantage of this changing context and link or integrate its livestock-focused set of research activities within programs designed to address the complex development challenges now embraced by the CGIAR? Second, how can ILRI ensure that its partnerships with governments, private-sector investors, non-governmental development organizations and others outside of the CGIAR are optimally managed to enlarge the success of poor smallholders in livestock development for food security and economic growth? Third, how can ILRI best capture the promise of science and technology for livestock production, processing and marketing, rapidly transforming research products into usable products.

#### **4.2.2 Competition for Resources**

The researcher obtained information that ILRI was facing competition for resources from partner members of CGIAR consortium who are also engaged in agricultural research. This means that ILRI must think outside the box to be able to accomplish its objectives, since CGIAR funding partners tend to define what they would like to be achieved which may not be in line with ILRI objectives.

Responding to the diversified needs and multifaceted challenges will require the cultivation of strategic, partnership, effective decentralization, and 'building capacity' at national, regional and global levels. All ILRI work is grounded in strategic partnerships. Partnerships are also highlighted in ILRI's operational procedures (ILRI 2007).

### **4.2.3 Innovation and Change in the Livestock Sector**

In addition to responding to changes in the CGIAR, ILRI will also be called upon to respond to emerging demands of partners and participants in the livestock sector. Both governments and private companies are showing much greater interest in investing in the agricultural and livestock sectors. This has brought many new actors into livestock research for development, particularly from the private sector and non-governmental organizations, as well as more coordinated public support at regional and national levels.

As demonstrated in Asia, fastest progress in the livestock sector will be made in value chains and production systems with the greatest capacity and with a relatively small number of actors that can be easily coordinated (Anandajayasekeram et al, 2008). Our challenge is to find institutional arrangements that efficiently and effectively link larger numbers of smallholders to well-performing value chains and agribusiness.

### **4.2.4 Transition from Science to Innovation to Development Impact**

ILRI sees great opportunities for advanced biosciences to provide technical solutions, such as new and improved vaccines and diagnostic tests, to better control livestock diseases. Increasing the relevance and speed of the product development cycle, and scaling up impacts for pro-poor development, requires smarter ways of working with partners, including the private sector and across the spectrum of development

The study revealed that technology is one of the major challenges of globalization, which has led to the company adopting modern IT system and investment in biotechnology.

### **4.2.5 Changes in Government Policies and Leaders**

All the respondents observed that increased political activities that have been rampant in the past in Kenya and other African countries can eventually affect sustainability of ILRI research activities. Therefore ILRI can be disadvantaged vis-à-vis its competitors with origins in politically stable and predictable countries. This also affects the kind of policies developed for the country which ILRI is supposed to work within.

Change of government always comes with change of principal secretaries in the ministries and even cabinet reshuffles. This affects policy path as everyone wants to implement his on preferred policies.

### **4.3 Strategic Responses to Globalization Challenges by ILRI**

Over the years, ILRI and its partners have advanced our understanding of the roles livestock play in pro-poor development. This improved and expanded understanding has helped ILRI to build capacity for research on poverty, gender and impact assessment and to integrate this research into ILRI's biological and socioeconomic research programs. For ILRI to enhance its operations there is a need to address the above challenges.

#### **4.3.1 ILRI's leadership and participation in development of the set of CGIAR Research Programs**

The on-going CGIAR reform process offers ILRI and other CGIAR centers opportunities and challenges as it promises to build larger, more focused and more efficiently managed research programs that have greater development impacts. Thus, ILRI has been an active voice in the design of the Strategic Results Framework and the development of the concepts behind the CGIAR Research Programs. In a CGIAR agenda that has traditionally favoured staple crops and supply-driven change, ILRI management has sought to manage the risk that critical livestock issues and the livelihoods of hundreds of millions of poor livestock keepers that will be neglected.

Hence ILRI's livestock research is recognized as contributing to the four CGIAR system-level objectives: reducing rural poverty, increasing food security, improving nutrition and health and managing natural resources sustainably. ILRI's leadership and participation in development of the set of CGIAR Research Programs will continue and strengthen these contributions.

#### **4.3.2 ILRI's Resource Mobilization**

To counter the competition for resources, ILRI has responded to this by setting up a resource mobilization department. Resource Mobilization facilitates ILRI's resource mobilization efforts, including researching and disseminating funding information and grant opportunities to staff, overseeing and coordinating project proposals made to funding organizations, developing donor information systems, managing visits to the institute's headquarters in Nairobi and organizing strategic meetings for ILRI directors in donor countries.

### **4.3.3 Expansion and Involvement with Private-Sector and Non-Governmental Organizations**

By expanding its involvement with private-sector and non-governmental organizations on the one hand and investors on the other, ILRI is better supporting livestock research with development partners both within and outside the CGIAR. ILRI is building on its current partnerships with the African Union's Inter-African Bureau for Animal Resources (AU-IBAR), with the Forum for Agricultural Research in Africa (FARA) and its sub-regional organizations as well as with regional Asian agricultural organizations, such as APAARI, and economic communities, such as the Mekong Basin Initiative.

With a crowded field of providers of knowledge, technology and capacity development, ILRI regularly assesses its comparative advantages in research for development, including its locations, partnerships, infrastructure and on-going research programs. The multi- and trans-disciplinary research capacities that ILRI has developed, from social sciences to livestock sciences to biosciences, need to be matched with nimble and effective management and greater and more effective engagement with partners, both public and private.

### **4.3.4 Partnership with Other International and Regional organization**

To this end, ILRI is collaborating with the New Partnership for Africa's Development (NEPAD) Science and Technology Office in the establishment of a research platform that will serve a wide range of scientists in the region. The Biosciences eastern and central Africa (BecA) Hub, hosted and managed by ILRI, enables scientists from Africa to use state-of-the-art biosciences tools to further agricultural development on the continent. The BecA Hub also offers ILRI's livestock bio-scientists greater opportunities for collaboration and development of larger and more effective research programs.

The new BecA Hub facilities are helping ILRI's laboratory-based scientists to forge new arrangements with leading bioscience innovators, to engage at early stages in the research process with the private sector and to form public-private partnerships. ILRI complements such state-of-the-art facilities as the BecA Hub with work within livestock value chains and in 'innovation platforms', which serve to link livestock science with other actors involved in livestock and agricultural development.

#### **4.3.5 Levels of Autonomy in Strategic Decision Making**

ILRI has to learn to live with some challenges in terms of government changes in management and policies. The researcher also sought to obtain information on the levels of autonomy in strategic decision making in the organization. According to the responses, there are three levels of strategic decision making in the organization: these are the Government (for policy issues – ILRI has one slot in the board reserved for principle secretary in Agriculture), management and board and departmental levels. The organization has also set up objectives for each department to meet and forecasts for each department for the entire period. Tactics to meet those strategies were laid down to help departments meet their objectives.

The respondents also highlighted that due to planning and strategy the management agreed to focus on areas purely in its core business that is Livestock research and outsource other roles. This gave birth to restructuring which led to outsourcing of engineering services and catering services – which was finalized last months (July 2013) for ILRI to focus on its core business.

#### **4.4 Effectiveness of the Strategic Responses to Globalization Challenges**

Due to the challenges of globalization, all of the respondents observed that although the organization undertakes planning and strategy, and that the goals and the objectives of the organization have changed over the last ten years and are currently entrenched in the Ten year rolling plan that was rolled out recently (ILRI, 2013). It incorporates a number of changes, many based on learning from the previous strategy (2000–2010, initially produced in 2000 and modified in 2002), an interim strategy (2011–2012) and an assessment of the external and internal environments in which the institute operates.

Strategic planning helps determine the direction and scope of an organization over the long term, matching its resources to its changing environment and, in particular, its markets, customers and clients, so as to meet stakeholder expectations (Johnson and Scholes, 1993). Strategic Planning is, today, an acknowledged essential discipline, a vital, systematic and ongoing process that enables - as far as is possible - organizations to plan the use and application of their resources, skills, knowledge and competences in order to achieve their organizational missions, goals and objectives in environments of ongoing, sometimes turbulent, change.

According to Burns (2004) Igor Ansoff one of the acknowledged contributor to the development of thinking and practice on business strategy regarded by many as one of the pioneers of strategic planning, he was a strong proponent of the 'Planning' school of thinkers. He believed that for any strategy to be successful or effective, there must be planning hence ILRI has continuously reviewed their plans and strategized for the future.

ILRI responded well to competition for resource by setting up resource mobilization department. This has aided ILRI to emerge as a key player in agricultural research and in particular, livestock hence collaborating with partner members of CGIAR consortium who are also engaged in agricultural research rather than compete. ILRI hence houses other agricultural research firms making it easier to share knowledge and earn revenue in terms of rent and facilities. This collaboration has given rise to partnership with CABI international which deals mainly with crops.

Hence the respondents consider that ILRI has continued to grow in the dynamically changing world because of effective responses to the globalization challenges it faces. This has bred a culture of strategic planning and weighing organizations competitive advantage in its environment. Burns (2004) argues that for an organization to have effective strategic responses, it must adopt a particular focus on organizational and governmental competence and competitiveness as per Porters 'Five Forces' and 'Value Chain' models. While at the same time employ common sense approach to management issues and business strategy as per management guru Henry Mintzberg

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents a summary of the research projects whose main objectives were to establish the challenges of globalization of the livestock sector to ILRI and determine the responses of the organization to these challenges. The ensuing discussion majors on the findings of the study against the backdrop of the objectives the study was designed to achieve.

#### **5.2 Summary of the Findings**

The study found out that ILRI faces many challenges that are as a result of globalization. These include a changing CGIAR, competition for resources, rapid technological changes, political environment, Changing organizational landscape and sub-regional initiatives, Trade, market liberalization and social and economic challenges. These challenges can be summarized into Planning and strategy, competition, technological issues, political environment and establishing strategic partnerships. The social challenges include the Aids scourge, which threatens the human resource and translates to higher social responsibility costs and the stakeholders (farmers) increasing poverty.

The objectives of ILRI have however changed after joining the CGIAR consortium, as there are regulations the body outlines to its members. ILRI has had to adopt strategies in order to survive in the competitive agricultural sector. From the findings, the organizations has responded both strategically and operationally strategic responses being the long-term and embrace the organization as a whole, while the operational are the departmental activities of any organization. The two kinds of responses are seen as interrelated since there has to be harmony between the two.

To deal with the challenges of globalization facing the firm, it has laid out response strategies to counter the wave of globalization. ILRI has come up with a ten-year strategy, which was developed to respond to the globalization challenges ILRI was facing hence ILRI's strategy 2013-2022 was emerged from a wide process of consultation and engagement. ILRI appreciates that partners play a key role in its existence and survival hence every objective starts with acknowledging and

appreciating the partnership. The organization also trains the staff on new developments both in technology and livestock research aspects. In its board of trustees, a slot was reserved for Agricultural principle secretary to incorporate government policies in ILRI's planning.

ILRI has invested in new Knowledge Management and Information Services (KMIS) to remain relevant in the changing technological environment. The KMIS team facilitates processes and activities at ILRI to generate, capture and organize, exchange and share information and knowledge. ILRI is also investing in Biotechnology, which has provided unparalleled prospects for improving the quality and productivity of crops, livestock, fisheries and forestry.

ILRI has responded to competition for resources (finances) by setting up a resource mobilization department. Resource Mobilization facilitates ILRI's resource mobilization efforts, including researching and disseminating funding information and grant opportunities to staff, overseeing and coordinating project proposals made to funding organizations, developing donor information systems, managing visits to the institute's headquarters in Nairobi and organizing strategic meetings for ILRI directors in donor countries. This is to ensure that ILRI has continued support from partners (donors) for the research activities is carrying out.

Operational responses to globalization challenges adopted by the organization include outsourcing services to lower cost. Engineering and catering services were outsourced to allow ILRI focus on its core business of livestock research. The organization has undergone management changes caused by restructuring. ILRI also set up a new department on capacity development to enhance its operations. This works to expand the capacity of scientific professionals from developing countries to conduct livestock-related research for development - by integrating capacity development initiatives into strategic research projects, institutional capacity development, innovative training approaches, resource development and Graduate Fellowships.

### **5.3 Conclusion**

Organization continually face continued changing environmental conditions, which they should prepare themselves to deal with. There is great need for managers to understand this state of affairs in order to steer their organizations to success. Organization should endeavor to plan both strategically and operationally in order to

avoid inability to adopt to and adjust to the management to plan with the future in mind to ensure that the strategy formulated are beneficial to the organizations success in the long run. There should also be continuous review and feedback to ensure effective strategic planning in future.

Globalization should be viewed constructively and positively as we cannot avoid rather learn to live with it. This is the only way that organizations will stay prepared to handle all the challenges they may encounter in such environment. They should not try to resist change but adopt them accordingly. In an environment that is dynamic that firms find it necessary to not only be focused, but also be flexible and adoptive.

#### **5.4 Recommendations for Policy and Theory**

For ILRI to succeed in its response to challenges in its external environment, it should involve its managers (in departments) in the formulation of such strategies and give them adequate decision-making authority in the implementation of the response strategies. All the stakeholders in the livestock sector should incorporate the findings of this study, especially the identified challenges facing the industry in making their decisions.

The policy makers should also take cognizance of the dynamics facing the livestock research sector when formulating policies for the industry. The dynamics presented in this study are an important pointer to enlightening the policymakers on the direction to which the policies should be made.

#### **5.5 Limitations of the study**

This study focused on the responses of ILRI to the challenges of globalization in the livestock industry, which may have failed to capture all the responses from organizations in the industries as a whole.

Secondly, the time allocated for this research was limited hence hampering the observation the research would have undertaken, considering the latest change of management and restructuring, which had just taken place in the organization.

## **5.6 Recommendation for further Research**

Considering that the strategic plan was unveiled this year, it is therefore difficult at this stage to evaluate the success of the implementation of the plan. The researcher therefore recommends that a further study be undertaken in future to see how the implementation was carried out and how ILRI has fared on in the market after the changes.

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## **APPENDIX**

### **I: INTERVIEW GUIDE**

#### **Part A: Globalization challenges at ILRI**

- a) What are the globalization challenges that ILRI has faced?
- b) Why is it a challenge?

#### **Part B: Strategic responses to globalization challenges.**

- a) What strategies did you put in place to mitigate the consequences of these challenges?
- b) Have there been any changes in regulation policies that have affected your operations and how did you handle?
- c) How has ILRI responded as a result of changes in the political climate?
- d) Have there been any technological changes that have affected your operations and how did you respond to them?

#### **Part C: Effectiveness of the strategic responses to globalization challenges.**

- a) Has there been any improvement in performance owing to this technology adoption?
- b) How effective has the strategic responses been to these challenges?
- c) Do you consider the various strategic responses adopted by ILRI to be proactive or reactive to the changes in the firm's external environment?

Thank you for your time.