

**STRATEGIES ADOPTED BY LAW FIRMS IN KENYA IN  
RESPONSE TO CHANGES IN THE EXTERNAL ENVIRONMENT**

**By**

**JANET MWALUMA**

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## Declaration

This Research Project is my original work. This work has not been presented for award of a degree in this University or in any other University or any other institution of higher learning for certification purposes. Neither has part of the work been reproduced, reprinted or made available to others in any form.

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Signature.......... Date.....16/10/14.....

Janet Mwaluma

D/61/P/8739/2000

This Research Project has been submitted for examination by the student with my approval as University Supervisor.

Signature.......... Date.....21/10/2014.....

**DR.REGINAH KITI KITIABI**

Lecturer

Department of Finance and Accounting

School of Business,

University of Nairobi

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## **Dedication**

I dedicate this project to my sons, Andrew, Chris and Jeremy. May you discover the joy of books.

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## **Abstract**

The dynamic nature of life and changes in the environment that mankind exists in have necessitated that law and the legal profession constantly evolve to be strategically relevant to the population and excel in business. Legal firms face competition as they strive to excel and must conquer/adapt to the changes they face in the turbulent business environment. This purpose of the study was to determine the changes arising from the external environment that legal firms/ the legal profession are faced with and to ascertain the strategies adopted to overcome the changes. The study covered 100 law firms conducting business in Kenya and out of the target respondents, 60 law firms responded to the questionnaire. This represented a response rate of 60%. Data was collected using a questionnaire which were administered through the drop and pick later method or dispatched by email and postal mail. The data was summarized in an excel spreadsheet and analysed using descriptive statistics and content analysis. Findings were presented in charts, tables and graphs for discussion and interpretation. The study established that law firms were affected by Political, Environmental, Socio Cultural, Technological, Legal and Environmental factors and these factors influenced the law firms choices in relation to the strategies adopted. Strategies such as diversification (seen in opening of branches), specialization, development of core competencies, uniqueness of the law firm had been adopted and these provided direction for the law firms strategic actions. Law firms had redefined market clientele and practice areas and engaged in strategic positioning to serve client needs. Law firms had embraced and invested in technology and were sensitive to the socio cultural needs of clients. They had attuned their firms to the existing social climate. Law firms remained compliant with law and had realized the importance of keeping abreast of legal changes. Market penetration strategies were deduced from the number of law firms that had opened branches in addition to having their principal offices. The study draws conclusions that short term, long term, grand and generic strategies are employed by the law firms. The researcher recommends that the law firms endeavour to continuously identify changes in the environment and develop strategies which will assist them in excelling in business. The limitations of the study were that the researcher experienced difficulties in getting responses from all the respondents with some indicating that the information requested for was confidential and other respondents failing to provide information.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Civilization has evolved and organizations are finding themselves dealing with much more knowledgeable and demanding customers. The world being a global village, demand and supply of goods and services is no longer confined to a particular country and customer's needs are met across borders. The organization, in supplying goods and services must be on top of developing trends and markets and in so doing, is forced to keenly observe the environment immediately existing around it. The organization that grows, survives and excels must be in a position to serve more than the localized customer. Strategic management of the organization plays a key role in ensuring that the organization has and maintains an edge.

Only organizations with sound strategic moves and strategy can have an edge over the competition. Indeed, sound strategies are key determinants of the success or failure for the organization. Organizations now know that in order to be the best, they need to excel in serving a need better than a competitor. Legal firms providing legal services to their clientele have not been left behind in the competition to excel and in so doing, must conquer/adapt to the changes they face in the business environment which is extremely turbulent and dynamic.

### **1.1.1 Concept of Strategy**

Strategic management of the organization is that set of decisions and actions that are made in the organization that result in formulation and implementation of plans designed to achieve a company`s objectives. It involves the planning, directing, organizing and controlling of a company`s strategy related decisions and actions (Pearce and Robinson, 1991).

In Strategic management the organization strives to match its internal capability with the external opportunities and threats in order to formulate strategies that will achieve basic goals and maintain the organizations values. It enables an organization to adapt profitably to the vagaries of the unpredictable environment (Rowe, Mason, Dickel, Mann and Mockler, 1994).

Johnson, Scholes and Whittington (2008) defined the strategic management process as involving formulation of strategies at different levels from corporate, to business to functional levels. The strategies formulated are implemented so as to ensure that the organization achieves its business objectives. The organization then evaluates the strategies to ascertain effectiveness. Strategic management includes understanding the strategic position of the organization, making strategic choices for the future and managing strategy in action.

Wheelen and Hunger (1995) stated that strategic management includes the whole process from environmental scanning, to strategy formulation and implementation and

incorporates evaluation and control. As one studies strategic management, there is an emphasis on monitoring, and evaluating environmental opportunities and threats in light of a corporation's strengths and weaknesses. It encompasses long range planning and strategy.

Strategy must therefore be considered critically by the organization conducting business. Strategy sets the general direction in which the organisation will grow and develop. It is the comprehensive plan stating how the organization will achieve its mission and objectives. The strategy should maximize competitive advantage and minimize competitive disadvantage (Wheelen and Hunger, 1995). Being an organizations` game plan, strategy comprises the large scale future oriented plans an organization has for interaction with the competitive environment to achieve objectives (Pearce and Robinson, 1991) defined strategy as an organization's game plan.

In Ohmae`s (1980) view, strategy is not about beating the competition, but lies in serving the customer`s real needs. Fokker (1991) insisted that meeting customer needs is only the starting point. She insists that surpassing customer expectations should be the goal of every organization. Customer needs should be anticipated and supplied in a value added mode to ensure the organization keeps a competitive edge. As Kenya devolves government, every organization providing goods/ services is under an obligation to anticipate the goods/services required in the devolved system and align their organization to provide those goods and services.

Johnson, Scholes and Whittington (2008) state that strategy is the direction and scope of an organization over the long term by which it achieves advantage in the changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Strategy is created at a number of levels in an organization namely corporate level where it is concerned with the overall scope of the organization or at business level where the various business units determine how to compete in their markets. At operational level strategy is concerned with how the component parts of the organization deliver effectively the corporate and business level strategies in terms of resources, processes and people.

Wheelen and Hunger (1995) state that an organizations` strategy forms a comprehensive plan stating how the organization will achieve its mission and objectives. Strategy provides broad guidance for decision making throughout the organization and it is from strategy that polices which are the broad guidelines that link strategy formulation and implementation will flow. They define three levels of strategy namely Corporate strategy which describes organizations overall direction, Business strategy sometimes called competitive strategy which is developed at the divisional level and Functional strategy which strategy is concerned primarily with maximizing resource productivity. These three levels of strategy interact closely and must be well intergrated for corporate success.

Ansoff and McDonnell (1990) define strategy basically as a set of decision making rules for guidance of organizational behavior by which the organization considers the yardsticks for measurement of present and future performance.

### **1.1.2 Organizational Environment**

Organizations do not exist in a vacuum. They co exist with other organizations carrying out the same or different business and all operate in one environment. They are influenced /affected by the same factors that occur in the environment and the only difference will be in their nature of business.

The bulk of management time in an organization is devoted to coping with uncertainties induced by the environment (Ansoff and McDonnell, 1990). An increasing number of changes pose major threats or opportunities to the organization e.g. obsolescence of the firm's technology can have dire effects on an organization. Technological advancements for example the advent of the computers and mobile phone with inbuilt cameras has led to near obsolescence of Xeroxing products once sold. Minor or major loss of market share from a new entrant, drastic increases in the cost of doing business, a chance to get a major jump on a competitor, or a ground floor entrant in an industry will all affect an organization.

Pearce and Robinson (1991) postulated that apart from managing a firm's internal activities, the organization needs to respond to the challenges posed by the firm's immediate and remote external environment. Organizations normally find themselves

having to employ management processes to balance organizational activities around what occurs in the immediate and remote environment. An organization that doesn't want to change or how the environment affects it can adopt an avoidance strategy. It can adopt political strategies to influence key groups in the environment. The Kenya Association of Manufacturers is on many occasions forced to employ different strategies to influence the government in areas where its members will be affected. The organization also can decide to react to the environment by e.g. reorganizing itself, imitating competitors.

The environment which gives the organization its means of survival encapsulates many of the above different influences and the difficulty is in making sense of this diversity. (Johnson, Scholes and Whittington, 2008). The organization has to distill a view of the key determinants which will have the most impact on it. An organization can decide to anticipate what will happen in the environment and adjust itself accordingly. For example Copy Cat realized that their niche in sale of photocopier machines had been badly eroded by the advent of technology. They reengineered their business strategy to venture into leasing rather than sale of machines.

### **1.1.3 The Legal Sector in Kenya**

Laws were set down early in civilization to control man so that he could lead a peaceful and virtuous life. Indeed the earliest example of "Law" can be found in the Bible in the Old Testament where God told Adam and Eve not to eat the fruit in the garden. (Genesis 2:17 King James Version). In early times the word Law was defined by the Greeks and

refers to ethical custom, or religious rites. It was the Greeks that first came up with the first lawyers called juriconsults or interpreters.

The Greeks passed Law to the Romans and it developed to become a thoroughly scientific subject with an elaborately articulated system of principles abstracted from detailed rules (Roman Law <http://www.britannica.com/>). As humans continued to conquer nations, they passed on the enacted laws to those they conquered and those nations in turn passed on this law to those they conquered.

With time, societies found they were subject to laws which were complex in nature. A need developed for experts to decipher the laws to the common man. The practitioners of law were identified and served legal needs of society and they began to codify those laws. Law was first practised as a profession but its practitioners discovered with time that it was a profit making business. As with other businesses, all legal firms have evolved through the ages from a position where being the first in their class, they did not face many strategic challenges as they were able to serve and satisfy customers demands primarily the survival needs. Later on, several changes in society led to increased competition between the firms to satisfy the customer.

In Kenya, law as we know it, existed though first informally in the customs and traditions of the various communities of Kenya. These were developed by our ancestors, defined the manner in which the communities lived and were strictly adhered to by all members of the community. With colonisation of Africa, formal foreign colonial legal

systems were imposed and given precedence to develop. The traditional or indigenous legal systems and modes of dispute settlement were either replaced wholesale by foreign legal frameworks (the common practice) or blended with foreign legal practices. The implementation of these laws led to development of the profession. As the years have passed, the legal profession has grown in numbers serving a wide range of clientele. In Kenya currently, the number of advocates registered with the umbrella body Law Society of Kenya is eight thousand and one (Law Society of Kenya, 2012).

## **1.2 Research Problem**

Law was for ages first practised as a profession until its practitioners discovered that they could also conduct business with a view of making profit either for themselves and/or in conjunction with others. It is from the profession that they were and are able to derive their livelihood and survive from day to day. The practitioners are faced with the same challenges in respect of profit maximisation of the law firm so as to thrive, as any other organization does.

The dynamic nature of life and changes in the environment have necessitated a constant need for dynamism in legal practitioners to decipher laws which are applicable to the organizations and society and also to ensure that they outpace competition in the profession. The firms are faced with a whole spectrum of knowledgeable clientele from different backgrounds with different needs. Legal practitioners have had to evolve and be strategically prepared to keep pace with clients and constant world development. The Deputy Chief Justice in her speech to advocates admitted to the Bar on 12<sup>th</sup> July 2013

reminded those admitted that educating and engaging the public is one of the most important obligations of the profession.

Many of the issues that law firms are being faced with are the same as those all businesses are facing. Globalisation, changes in demographics, education and attitudes, of customers, competition, regulatory changes, advances in information technology, delays in the administration of justice, the advent of alternative dispute resolution methods, retention of clients and overcrowding of advocates in urban centres are changes in the environment that the firms have to deal with .

Studies have been carried out in different fields locally in a bid to determine how organizations are strategically preparing themselves to cope with the ever increasing changes in the environment. Rumba (2008) conducted a study of strategic responses adopted by mobile phone companies in relation to environmental changes and established that they had adopted distribution and mobile product consumer strategies to counter the PESTEL factors encountered in the environment. Murule (2011) in conducting a study of manufacturing pharmaceutical industry, found that local pharmaceutical manufacturing firms had adopted response strategies such as pricing, marketing, strategic alliances and information communication and technology response strategies to counter the changes met in the business environment.

Thuranira (2011) studied the response strategies adopted by Commercial Banks in Kenya in response to changes in the economic environment. The study established that

Kenya commercial banks have been able to respond to the changes in their environment through retrenchment strategies which involved cutting operating costs and divestment of non-core assets. They had also responded to the environment by use of investment strategies which contrast with the retrenchment strategies as such firms perceive these changes as opportunities to invest, innovate, and expand into new markets in order to achieve or extend a competitive advantage. They also used ambidextrous strategies where the organizations combined incremental change with discontinuous change on the exploitation of existing resources to improve efficiency with exploration of new sources of competitive advantage and innovation.

Wahogo (2011) studied the response strategies to changes in the environment by financial audit firms In Nairobi. He recommended that the management of financial audit firms should continue considering response strategies to environmental changes at the strategic planning level and implement both the corporate and business level responses at the strategic management level.

The other additional findings from research on other industries as annexed herewith cannot assist one to understand the changes that law firms face in the external environment and the strategies they are employing to overcome these changes. This study seeks to answer the following questions: what are the changes that law firms face in the external environment and what are the strategies they are employing to overcome these changes?

### **1.3 Objectives of The Study**

The objectives of the study are:-

- i) To determine the changes arising from the external environment that firms/ the profession are faced with
- ii) To ascertain the strategies adopted by the law firms/profession to overcome the changes.

### **1.4 Value of The Study**

The study will be of value to the following groups:-

In theory, the study findings will be important to scholars and researchers by enriching the body of existing knowledge. The findings can be used as a basis for further analysis and researchable areas.

In practice, the study will be of value to the proprietors/ management of law firms who will be able to appreciate the importance of assessment of the business environment at any time and the importance of strategy in the manner in which they conduct business . The proprietors/management of firms will appreciate their role in business. The study will also be of value to the regulators who will be provided with insights on how the legal profession is executing its mandate countrywide. This will inform on skills and knowledge gaps inherent within the function and aid them in providing workable solutions.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents a review of the literature of various scholars and researchers on the topics of study, namely strategy and the external environment. It analyses reviews on the external environment that organizations operate in and the various definitions and approaches relating to strategy and the external environment. The chapter is organised as follows: first a review of the concept of strategy. Then a review of the organizational environment particularly the external environment, then a review of the types of strategy that organizations develop and finally a review of the relationship between strategy and the external environment to define the relationship between the two variables.

#### **2.2 Theoretical Foundation**

Strategy comprises the large scale future oriented plans an organization has for interaction with the competitive environment to achieve its objectives. Strategies are means to ends and these ends concern the purpose and objectives of the organization. They are the things that businesses do, the paths they follow and the decisions they take in order to reach certain points and levels of success (Thompson, 1997). The choice of strategies the organization employs at any given time is informed or influenced by different factors within and without the organization. Strategies have even been termed to be grand strategies, being the general approach that guides a firm's major action

(Pearce and Robinson, 1991). These strategies provide basic direction for strategic actions indicating how long term objectives will be achieved.

The positioning school of strategy postulates that the firm has to achieve a strategic fit with its environment by evaluating the competitive forces operating within the environment to assess where and how best to compete (Porter, 1980). The RBV school postulates that a firm's competitive advantage lies mainly in the bundle of resources at its disposal and how it can stretch these to achieve competitive advantage (Penrose, 1959). Strategy must be considered critically by the organization as it seeks to conduct its business. In crafting strategy, customer needs should be anticipated and supplied in a value added mode to ensure the organization keeps a competitive edge (Fokker, 1991).

Strategy is created at a number of levels in an organization. At corporate level, strategy created can be directional, portfolio strategy or parenting strategy. At the business level where the organization is concerned about how the various business units in the organization should compete in their markets, this strategy is sometimes referred to as competitive strategy. In developing functional strategy, the organization seeks to maximize on resource productivity so that collectively, the objectives of the strategic business units are met.

The choice of strategy is an important step in the strategy development process. Various factors also influence the choice of strategies employed by the organization. Structures, top management team characteristics, board characteristics, organization culture and

resources are some of the factors that affect strategy, business environment and the organization performance (Kariuki, Awino and Ogutu, 2011). This in turn leads affects on the performance of the organization. Strategies will differ from one organization to another due to influence exerted by internal and external factors.

Societal strategy concerns itself with the organization and its external environment. It deals with issues of corporate citizenship, social responsibility, accountability and business ethics. In the recent years society is more concerned with how the organization intends to function as a member of the immediate community, the society, the country, and the global community (Phatak, 1989). Organizations now include matters of business ethics, governance and social responsibility in their day to day lives. In defining its strategy, the organization considers the yardsticks by which its present and future performance is measured. It must scan the environment for possible threats and opportunities and its internal environment for strengths and weaknesses.

### **2.3 Organizational Environment**

According to Johnson and Scholes (2008) the “environment” which gives the organization its means of survival encapsulates many different influences and the difficulty is in making sense of this diversity. The organization has to distill the key determinants which will have the most impact on it. The organization must ensure that there is a strategic fit between what the environment wants and what the organization has to offer as well as what the organization wants and what the environment can provide. The environment influences the link between strategy and performance.

Ansoff and Mcdonnell (1990) state that the management system used by a firm is a determining component of the firms responsiveness to environmental changes because it determines the way that management perceives environmental challenges, diagnoses their impact on the firm, decides what to do and implements decisions. Management devotes itself to coping with uncertainties induced by the environment. Changes in the organizational environment can pose major threats or opportunities to the organization and spell phenomenal success or failure for the organization e.g., obsolescence of the firms technology, major loss of market share, drastic increase in the cost of doing business or a chance to get a major jump on a competitor (Pearce and Robinson,1991).

As a part of an open system the organization draws resources (employees, managers, plant, supplies, finance) from the environment. It has to compete with other firms for labour, supplies loans, etc and use these inputs in some organized way to produce products and services which can be marketed effectively and in many cases profitably. Over time, dynamics occur in tastes, purchasing /deciding power, economics and politics and the organization must recognize this and appreciate market demand and the strengths, weaknesses and strategies of its competitors (Pearce and Robinson, 1991).

The external environment which affects organizations indirectly has been conceptualized as having three layers that is the general, industry and competitor layers. It includes factors that do not directly touch on the short run activities of the organization but can and do influence its long run decisions. It incorporates political, social, demographic

economic and legal factors that challenge all organizations equally (Johnson and Scholes, 2008).

Porter (1980) stated that the essence of formulating competitive strategy is relating a company to its environment. He stated that development of a competitive strategy involves the development of a broad formula for how the business is going to compete, what its goals should be and what policies will be needed to carry out those goals. He considered that the key aspect that the organization should consider is the industry environment. It includes sectors that interact daily with the organization and directly influence its basic operations and performance. The organization must conduct an industry analysis as an in depth analysis of key factors affecting its operations. The five forces framework was developed as a means of assessing the attractiveness of different industries.

Strategic managers must first be aware of the many variables within the organizations internal and external environment and must conduct environmental scanning so as to acquire information through formal and informal means (Wheelen and Hunger, 1995). Strategic management when employed provides a clear awareness of environmental forces, the ways in which they are changing and their effect on the organization (Thompson, 1997).

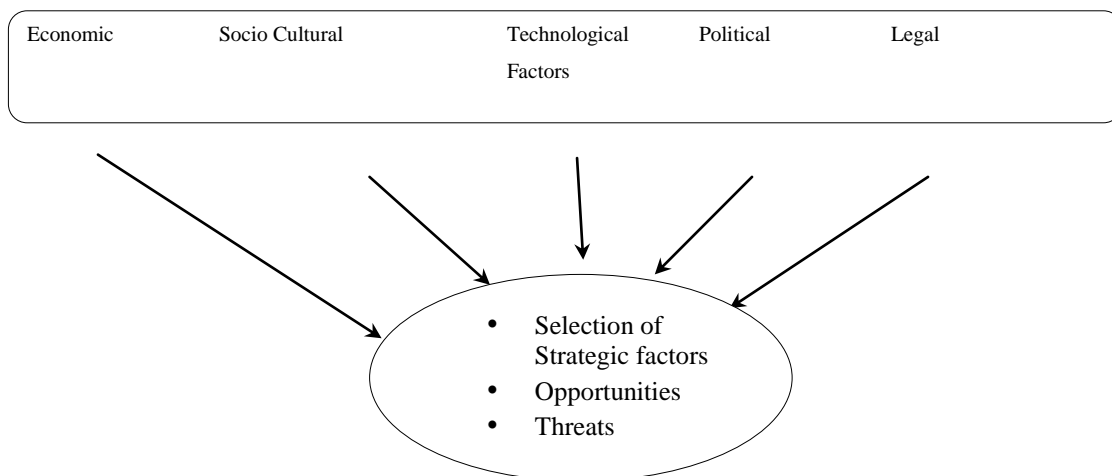
### **2.3.1 The General Environment and its Influences**

The organization needs to keenly observe the Political, Economic, Social-Cultural,

Technological, Legal and Environmental factors commonly referred to as PESTLE factors. These factors can be used to analyse business segments, industries, particular markets or whole economies. For example, the combination of the factors of deregulation of trade barriers, improvement of information communication technology, increasing competitive pressure on local markets and converging customer preferences are likely to be drivers of business in one way or another for an organization.

Organizations are competing on a global basis. Events and opportunities originating in foreign countries are factors that provide new competitors, customers and suppliers and shape social, technological and economic trends as well. Every business is aware of the shift of economic power to China and India. When operating globally the organization now has to consider not only its country of origins PESTLE factors but also those of the countries it intends to conduct business in.

An analysis of the environment and organizational interaction is as follows:-



Wheelen T.L. & Hunger J.D (1995) .Strategic Management and Business Policy Pg 80: Fig 4-1

### **2.3.1.1 Political Factors**

The political climate of any country has a direct impact on how an organization operates. Political factors define the legal and regulatory parameters within which organizations must operate. Political constraints are placed on firms through fair competition decisions, policies and laws e.g. minimum wage legislation, tax programs, pollution and pricing policies and many other actions aimed at protecting employees, consumers, the general public and the environment.

Decisions made by the government in power affect or have a large sphere of influence upon the regulation of public and private sector business and the spending powers of all consumers and other businesses. Political factors such as government stability determine whether citizens and outsiders will invest in a country. Political factors may be restrictive thus tending to reduce the potential profits of firms. However, some actions are designed to benefit and protect organizations. Examples of these are factors such as patent laws, government subsidies and product research grants.

### **2.3.1.2 Economic Factors**

The organization will be affected by local and global economic factors. The factors the organization considers are economic growth, interest rates, inflation rates, budget allocations, the level of inflation, employment level per capita, long term prospects for the economy. The current status of the economy i.e. whether it's in a boom, recession or recovery will affect consumer confidence and behaviour. In an economy where there is a

boom, the consumers have more disposable income thus organizations stand to benefit more.

The global economic climate also affects organizations. The existence of cheaper labour abroad in countries like India, China, etc has led to many companies diverting their production operations to those countries so as to reap maximum profits and reduce operating costs. Global recession, the elections, led to reduction in tourism in Kenya in 2013. A truly global player has to be aware of economic conditions across all borders and ensure they employ strategies and tactics that continually protect their organizations.

#### **2.3.1.3 Socio Cultural Factors**

Social Cultural factors affecting an organization include demographic changes, income distribution, work, life culture and thinking trends. Other factors considered are population growth rate, age distribution, lifestyle changes, labour and social mobility, entrepreneurial spirit, living conditions, welfare and health issues. Within society, forces such as family, friends, media affect attitudes, interests and opinions, shape behaviour and ultimately purchases/consumption. In Japan and China the fall in the birth rate and the Government policy of one child per family has had a major impact on the sales of toys. In future these policies will impact on job sectors due to decreased labour force which may affect overall productivity of organizations in those countries.

As society and behaviour changes, organizations should be able to offer products and services that aim to complement and benefit people`s lifestyle and

behaviour. Organizations should innovate enough to cash in on this. In America one will find trained / professional cat psychiatrists. One can also get businesses that are animal spas that cater solely for the needs of mans` four legged friends. Identifying customers wants and effectively serving those wants remains the most innovative way of growing business in today`s world.

#### **2.3.1.4 Technological Factors**

Advances in technology have had the most profound effect on the way in which business is conducted in today`s world. The World Wide Web which was created around 1990 has opened up borders for communication and people are no longer confined to their countries in terms of sourcing for business, customers, goods and services. New technology is also changing the manner in which organizations are conducting operations in terms of automation of operations, technological incentives and options. Technological revolution means a faster exchange of information beneficial for businesses.

Renewed interest by many governments to encourage investment in research and development and develop technology gives countries the competitive edge. India and China are capitalizing on their competitive edge on production that is forcing many countries to move production to them to take advantage of technology and economies of scale available. Medical tourism is a big attraction to India today. Technology has turned into a competitive weapon with innovation being an important element in maintaining fit as environmental forces and competitor strategies change. An innovative organization

fosters learning which leads to continuous managed change to products, services and processes. Businesses that are slow to keep up with the changes of the times will have to fall by the wayside.

### **2.3.1.5 Legal Factors**

The legal framework that exists in any environment has implications on all organizations that exist in it. This is through statutes that are enacted that are specific to the business of the organization or those that implicitly affect the organization. The Constitution of Kenya 2010 will have implications on organizations in many ways. Article 41 of the Constitution makes provisions on labour relations which have implications on organizations whose major resource are people. Article 46 makes provision for Consumer Protection and has led to enactment of the Consumer Protection Act which all organizations providing goods and services must observe.

In the recent past, laws have been passed that are punitive to organizations. The Land laws passed recently have far reaching implications on land for example in respect of foreigners holding freehold properties. The Acts have affected the popularity of land as security for loans due to the uncertainty surrounding the Acts e.g. properties previously held under the Government Lands Act.

### **2.3.1.6 Environmental Factors**

Many organizations depend on the environment for livelihood and sustainability and are becoming aware of their duty to give back and conserve the environment. In Kenya, the

National Environment Management Authority seeks to conserve/ preserve the environment by monitoring all activities carried out by organizations. Organizations have been made aware of their responsibilities. There is now legislation in place to conserve or preserve the environment. All organizations come into contact with these statutes at some point of operation and must abide by them.

#### **2.4 Development of Strategy**

Ireland, Hoskisson and Hitt (2013), suggested that in crafting strategy, the firm conducts formal strategic planning to create strategies at Corporate, Business and Functional levels. At corporate level, the organization crafts its vision and mission, defines the business (es) and if more than one, their interrelationships, scans the environment and defines its corporate philosophy. At the business level, the organization defines the broad and specific action programs it will use in its business or what it intends to be in. At the functional level, the organization evaluates the specific action programs.

Most organization have to innovate constantly simply to survive. According to Pearce and Robinson (1991), an organization's strategy must be based on finding an appropriate 'fit' between the organization's mission, changes in the internal and external environment and the quality and quantity of the organization's profile (input factors, primary resources, value chain activities, core capabilities, core competencies, etc.).

The organization has to interrogate itself and its environment to determine if the strategies adopted at corporate level will be directional, in respect of portfolio or

parenting strategy. Directional strategies could be growth, stability or retrenchment strategies which it chooses to adopt. In assessing the parenting strategies to adopt, the organization conducts an in depth examination of each business unit to establish centres of excellence, or to determine areas where performance can be improved.

With respect to strategy formulation and utilization, Abishua (2011) studied the strategies used by Equity Bank Limited to compete in the Kenyan Banking industry. The study established that the bank is adaptive and uses product offering diversification, branch and regional expansion, relationship marketing, financing, customer care, innovation, and information technology strategies to respond to competition in the banking industry.

Nyakundi (2010) studied strategies used by Kenya Commercial Bank when entering international markets. Strategy analysis and implementation was really important in the bank's decision to enter international markets. Strategies used revolved around the entry mode, expansion and operation strategies which the bank sought to use while entering into these markets. Competitive advantage, return on investments, market analysis portfolios, entry mode, expansion and operation strategies- market penetration product development and wholly owned subsidiaries were some of the strategies used. The different markets of the country determined the nature of the business environment. The competition in these countries determined how the bank would approach the markets and how this reflected on the business. The Bank also had to foresee growth in these regions so as to do business there.

Aburi (2010) studied the strategies used by Chai Trading Limited to penetrate the Middle East markets. The challenges encountered were stiff competition from established players, business restrictions in some markets e.g. Iran, thin margins in the industry, foreign exchange fluctuations leading to forex losses, volatile political environments.

Owuoth (2010) studied the critical success factors in the multinational pharmaceutical companies in Kenya. The findings revealed that multinational pharmaceutical companies employ marketing strategies as well as strategic management practices that are relevant to the industry in order to succeed in the sector. The organization therefore has to ensure that the strategy it adopts at any particular time will be appropriate for the environment it is operating in.

## **2.5 Relationship Between Strategy and the External Environment**

Three economic goals guide the strategic direction of almost every organization, namely survival, growth and profitability (Porter 1980). To be able to survive, grow and be profitable, any profit-seeking enterprise must seek a competitive advantage. At the same time an efficient and effective 'fit' between the organization's mission, profile and external environment should be found. Businesses strive to achieve a competitive advantage by being a low-cost producer of goods and services or by differentiation of a product or service (Porter 1980). The focus strategy consists of concentrating on a

particular customer, segment of the product line, or geographical market (Hax and Majluf, 1996).

Busolo (2010) who studied the strategies adopted by Grundfos Kenya Limited to cope with challenges of internalization, observed that the organization is in business to serve the need of its customers. Without them, the organization would not be in existence. The customers will play with the industry so as to get the most benefit from the organizations operating therein. In many cases an organization will come into an industry where customers command a lot of power in terms of issues like pricing of the product.

## **2.6 Conclusion of Literature Review**

An analysis of the existing literature reveals that there is insufficient information in relation to the changes that affect law firms and further, what strategies the law firms are adopting as a response to the changes. The findings from research on other industries cannot provide information as required and this study seek to provide enlightenment on this sector.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter sets out the research design, population of interest, sample size and sampling method, data collection and analysis method employed during the research.

#### **3.2 Research Design**

The research design was a survey study seeking to establish the relationship between variables namely strategy and the external environment. This method deals with the processes that take place and their interrelationships and one is able to conduct an intensive investigation of a particular unit (Kothari 1990). Its characteristics are most appropriate for this study.

#### **3.3 Population of the Study**

The Law Society of Kenya in its advocates directory details that there are about two thousand (2000) law firms in Kenya. The population of study comprised a sample of law firms practicing across the country as at 30<sup>th</sup> June 2013 and these firms were a representative sample to provide reliable information for the study.

#### **3.4 Sample Selection**

The sample was selected through convenience sampling. This is a non probability method of sampling that can meet the sampling objectives and give acceptable results

(Cooper and Schindler 2006). This sample selection method is in addition, advantageous due to the ease of access with time and money savings being realized. Convenient random sampling was used to select the law firms as registered with the Law Society of Kenya. The law firms are distributed across the country

### **3.5 Data Collection Method**

The data was collected using a Questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study which were to determine the changes arising from the external environment that firms/ the profession are faced with and to ascertain the strategies adopted by the law firms/profession to overcome the changes. To enhance the quality of the data collected, Likert type questions were included where respondents indicated the extent to which the variables were practiced in a five point Likerts scale. Data collected was processed for completeness, accuracy and uniformity and thereafter coded, validated and analysed.

In this study emphasis was given to primary data which was collected through the semi structured questionnaire (See Appendices). The questionnaire was administered for Nairobi respondents through the drop and pick later method and through email and postal mail for respondents out of Nairobi. A collection date was agreed upon with all respondents. The target respondents were the proprietors of the law firms who play a crucial role in strategy formulation and implementation. The questionnaire had four parts. Section one and two focused on the general information about the law firm. Section three focused on strategies and effects on the firm by changes in the external

environment and section four requested the respondent to provide comments. Secondary data for the study was collected from already documented data or available reports.

### **3.6 Data Analysis.**

Data was collected and processed for completeness, accuracy and uniformity. It was then coded and analysed. Statistical analysis was employed as this was the most appropriate analysis for this study due to the qualitative nature of the data collected and these techniques are concerned with drawing indices from the raw data.

Tables, graphs, histograms and charts were used to summarise responses for further analysis and facilitate comparison. Percentages were used to make conclusions on the responses obtained during the study.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter provided an analysis of the data collected. The chapter is divided into three sections. The first section depicts the general profiles of the respondent firms studied. The second section depicts the findings in relation to the environmental factors affecting the law firms in the external environment. The third section depicts the findings in relation to the strategies that were adopted by the law firms to counter the changes in the environment and which factors are prevalently in use in the firms.

##### **4.1.1 Response Rate**

The study targeted 100 respondents from whom data was collected. 60 respondents completed and returned the questionnaire circulated. This amounted to a response rate of 60 % which the researcher deemed adequate for the study. The researcher made follow up visits, call and emails to the respondents to ensure questionnaires were completed and returned.

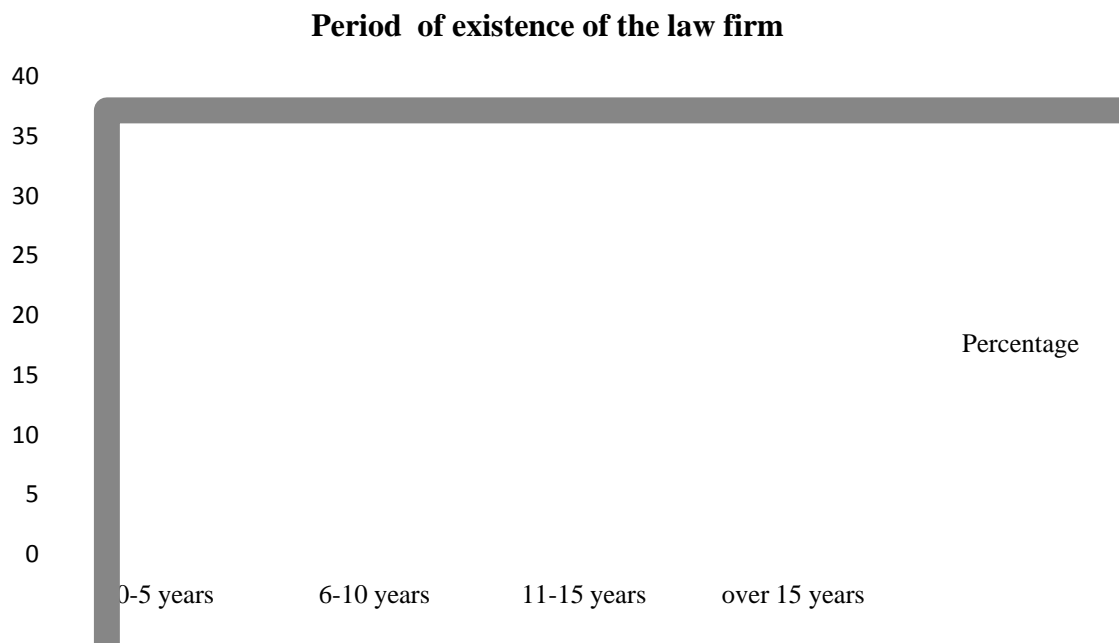
#### **4.2 Demographic Information**

The study sought to establish demographic information in relation to the respondents. This related to the period of time the firm had been in existence, designation of the respondents and number of branches of the law firms.

#### 4.2.1 Period the Firm had been in Existence

The study required the respondents to indicate the period of time for which the law firm had been in existence. According to the findings, 14% of the respondents firms had been in practice for upto five years, 35% had been in practice for upto ten years and 51% had been in practice for more than eleven years.

**Chart 4.2.1**Period of Existence of the Law Firm



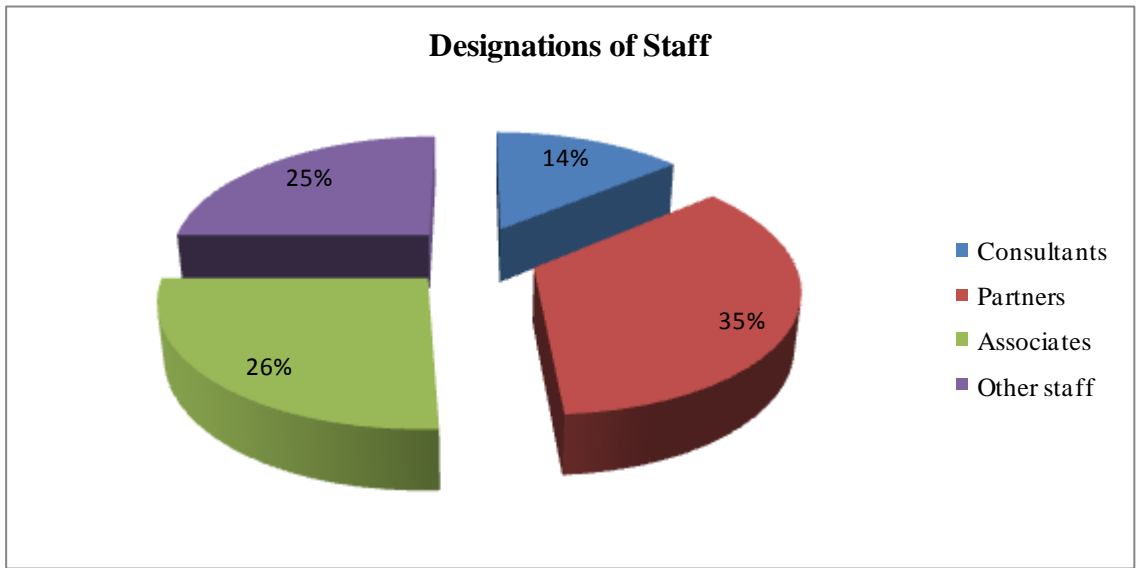
Source: Research Data, 2013

#### 4.2.2 Designation of Staff of the Respondents

The study sought to establish the designation of the respondents. According to the findings as summarised below, 14% of the respondent advocates were consultants, 35% were partners, 26% were associates and other staff in the law firm constituted 25.75%

of the respondents were practicing advocates who were directly in contact with the changes occurring in the environment and were affected by those changes.

**Chart 4.2.2.Designation of the Respondents**

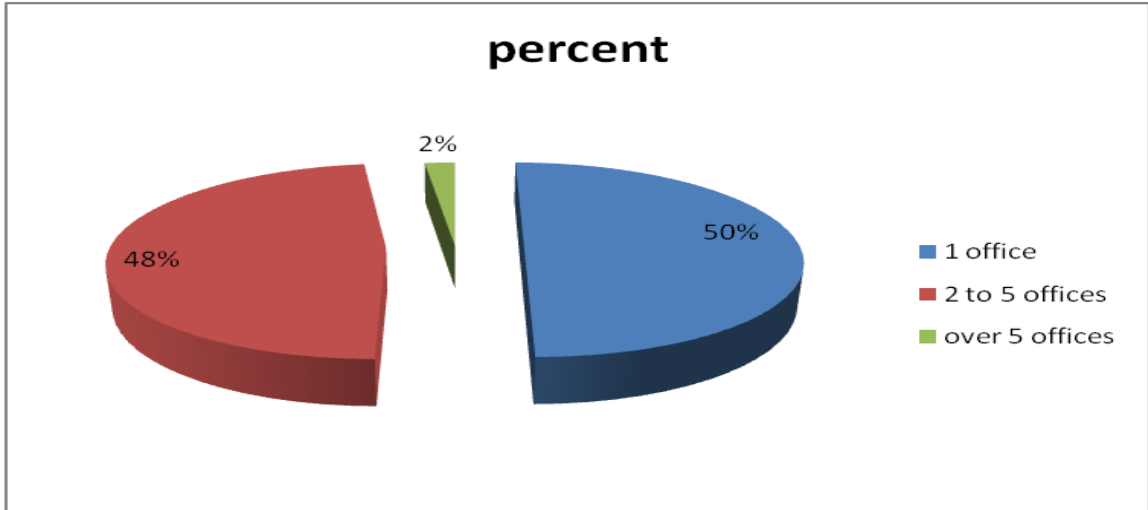


Source: Research Data, 2013

#### **4.2.3 Number of Branches of the Law Firm**

The study sought to establish whether the law firms had any branches, in addition to the principal offices. 50 % of the law firms were operating one office, 48% of the law firms were operating 2-5 offices and 2% were operating over 5 offices. Half of the respondents indicated that they had more than one office which was indicative that they were already practicing diversification as a strategy to ensure that they captured wider clientele and by extension business diversification.

**Chart 4.2.3: Number Of Branches of the Law Firm**

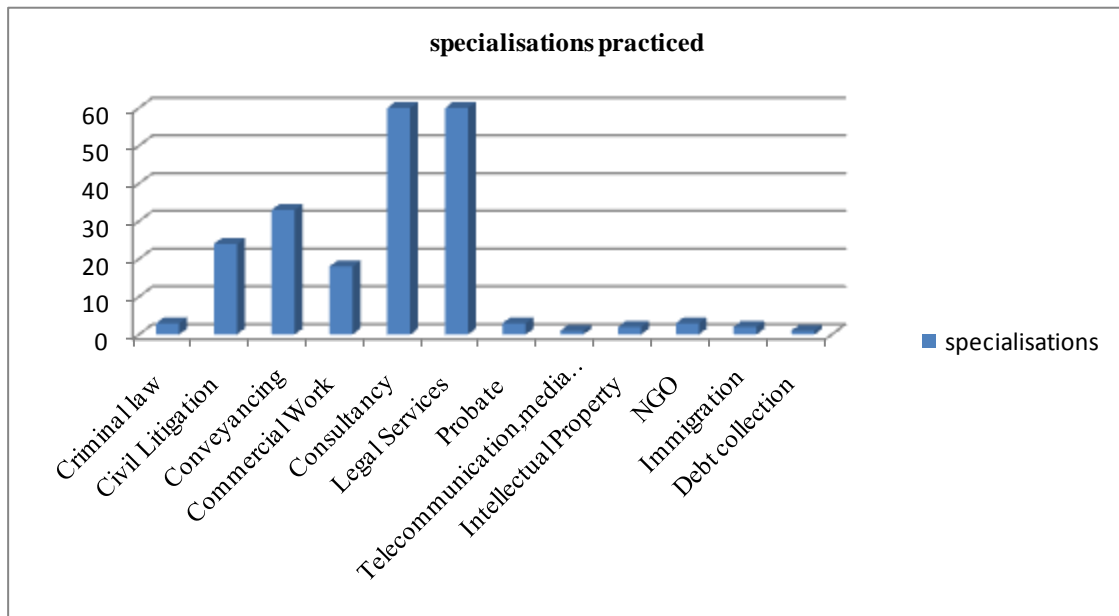


Source: Research Data, 2013

#### **4.2.4 Specializations Practiced by the Law Firm**

The study sought to establish the specializations practiced by the law firms. From the findings, all the law firms were engaged in providing legal services and consultancy. In addition to this, majority of the firms had specialised with the highest specialization being conveyancing followed by civil litigation followed by commercial work. The fields least practiced were debt collection and technology, media and information communication technology.

**Chart 4.2.4: Specializations Practiced by the Law Firm**

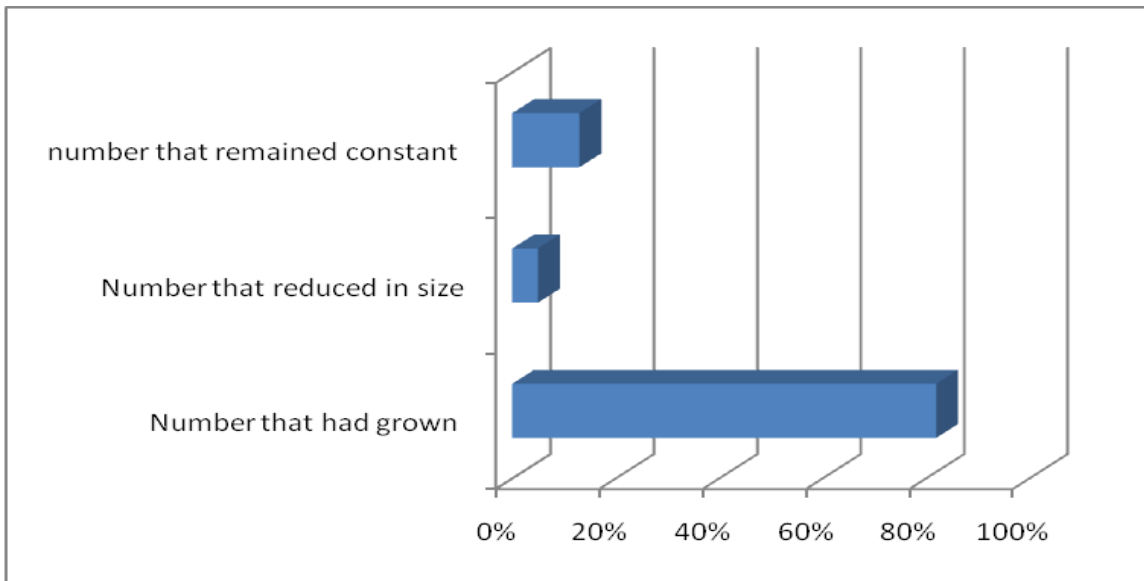


**Source:** Research Data, 2013

#### 4.2.5 Changes in Composition of the Law Firms

The respondents were asked to state whether the firm had changed composition within the last five years and what change if any, had occurred. The findings established that 82 % of the law firms had grown in size over the last five years, 5 % of the law firms had reduced in size and 13% had remained constant. This indicates that there has been increased need for services of the law firms leading to them having to expand so as to capture larger markets.

**Chart 4.2.5 Changes in Composition of the Law Firms**



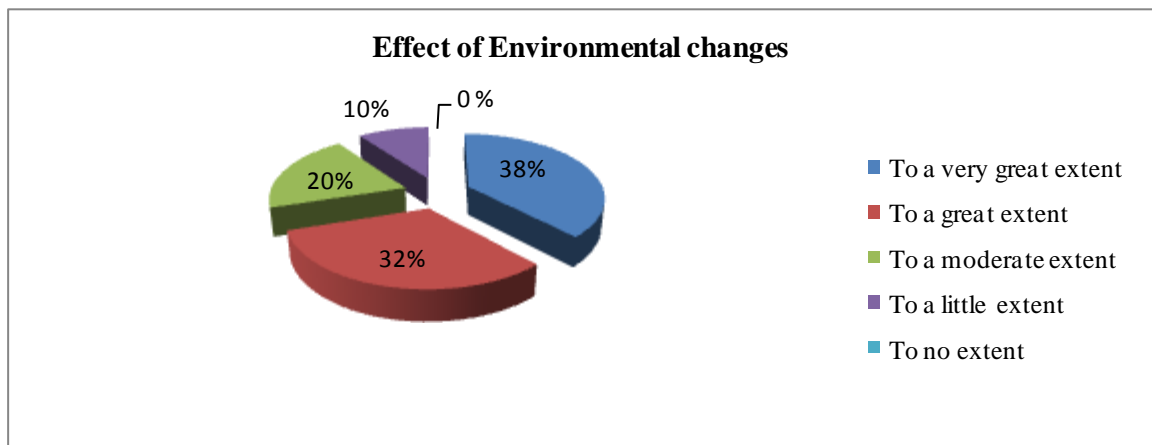
Source: Research Data, 2013

### **4.3 Environmental Changes**

#### **4.3.1 Environmental Changes Affecting the Law Firms**

The respondents were asked to state whether the firms had been affected by changes in the environment. The findings established that all law firms had been affected by changes in the environment. 38% of the firms had been affected by changes in the environment to a very great extent, 32% had been affected by changes in the environment to a great extent, 20% had been affected by changes in the environment to a moderate extent and 10% had been affected by changes in the environment to a little extent. This proved that a majority of the law firms are affected by environmental changes.

**Chart 4.3.1 Effect of Environmental Changes**



Source: Research Data, 2013.

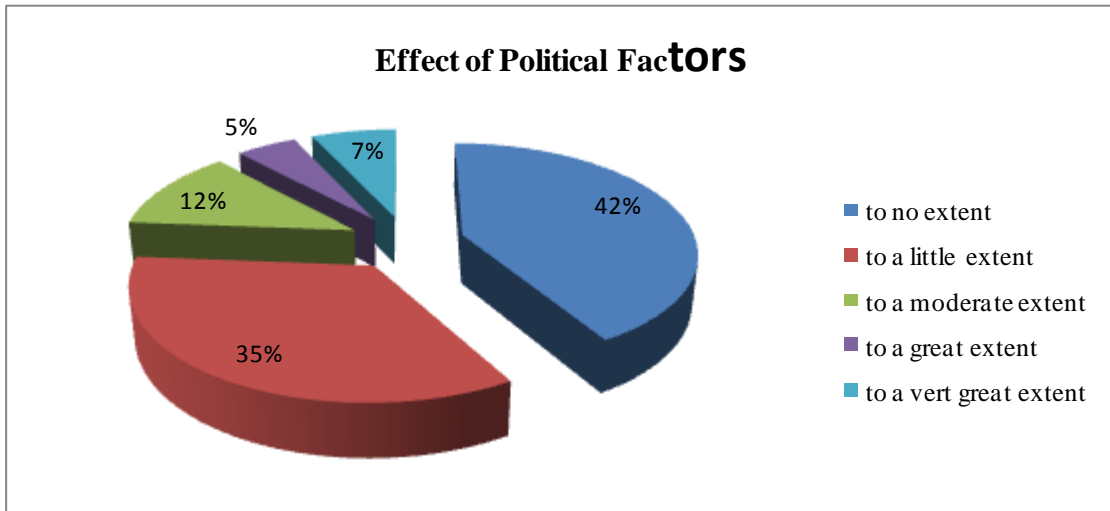
### **4.3.2 The General Environment and its influences**

The respondents were asked to state how the Political, Economic, Social-cultural, Technological, Legal and Environmental factors commonly referred to as PESTLE factors had affected the firm.

#### **4.3.2.1 Political Factors**

The findings established that Political factors had not affected the firms as much with 42 % of the respondents not being affected at all, 35 % to a little extent 12% to a moderate extent, 5% to a great extent and 7% to a very great extent.

**Chart 4.3.2.1: Effect of Political Factors**

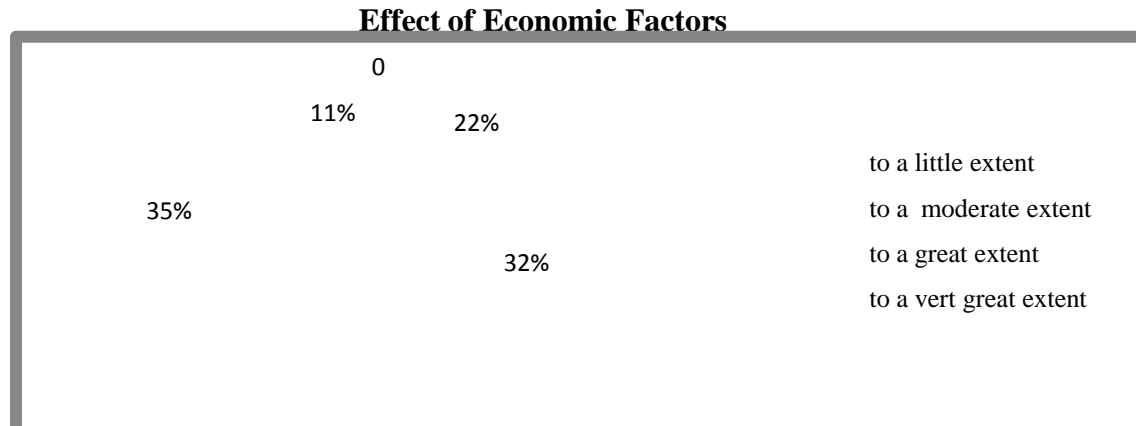


Source: Research Data, 2013

#### **4.3.2.2 Economic Factors**

With respect to economic factors, the findings established that all firms had been affected by economic factors with 35% being affected to a great extent, 32% being affected to a moderate extent, 22% being affected to a little extent and 11% being affected to very great extent.

**Chart: 4.3.2.2 Effect of Economic Factors**

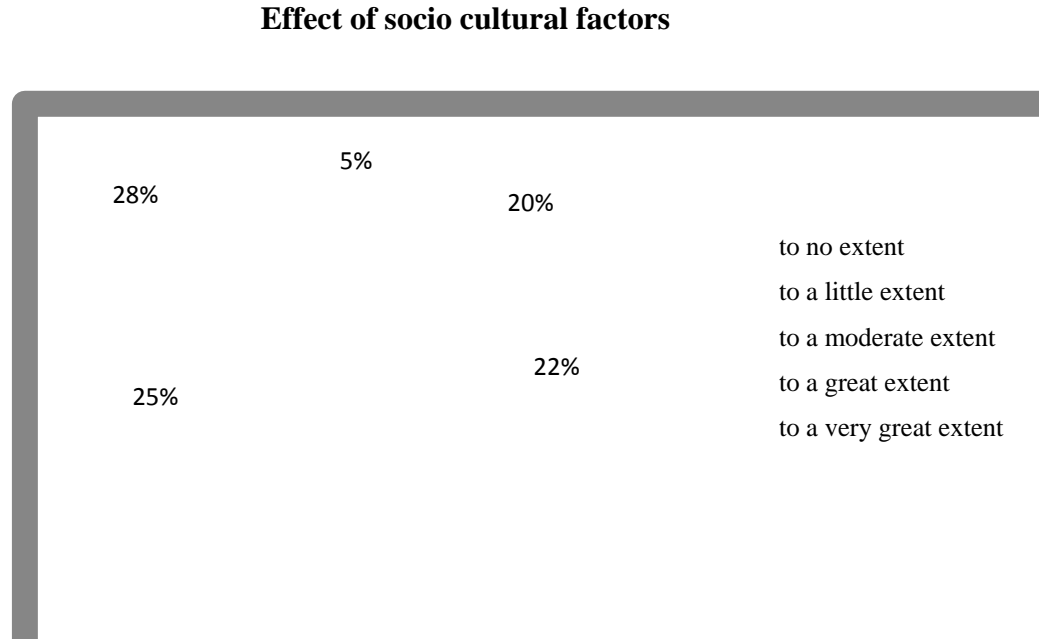


Source: Research Data, 2013

#### **4.3.2.3 Socio cultural Factors**

The findings established that 28% of the law firms had been affected by socio cultural factors to a very great extent, 25% of the law firms had been affected by socio cultural factors to a great extent, 22% of the law firms had been affected by socio cultural factors to a moderate extent, 20% of the law firms had been affected by socio cultural factors to a little extent and 5% had not been affected by socio cultural factors.

**Chart 4.3.2.3 Effect of Socio Cultural Factors**

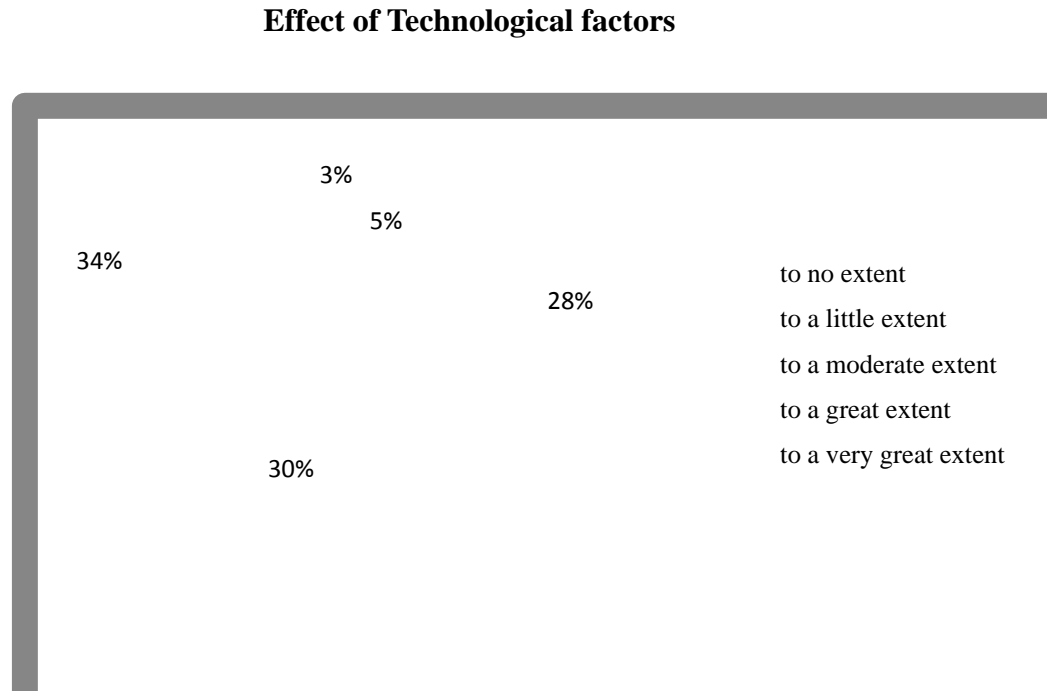


Source: Research Data, 2013

#### **4.3.2.4 Technological Factors**

With respect to technological factors, the findings established that technological factors had had a great effect on law firms. 34% of law firms had been affected to a very great extent, 30% of law firms had been affected to a great extent, 28% of law firms had been affected to a moderate extent, 5% of law firms had been affected to a little extent and 3% had not been affected by technological factors.

**Chart 4.3.2.4 Effect of Technological Factors**

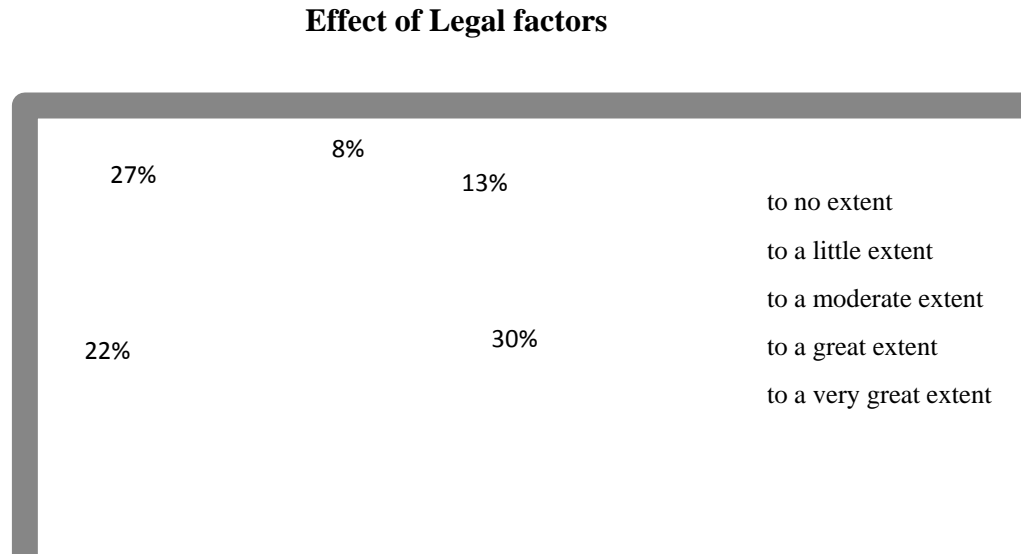


**Source:** Research Data, 2013.

#### **4.3.2.5 Legal Factors**

The findings established that Legal factors had had a great effect on law firms with 49 % of the firms indicating that legal factors had affected them to a great extent. Only 8% indicated that legal factors had not affected them.

**Chart 4.3.2.5 Effect of Legal Factors**

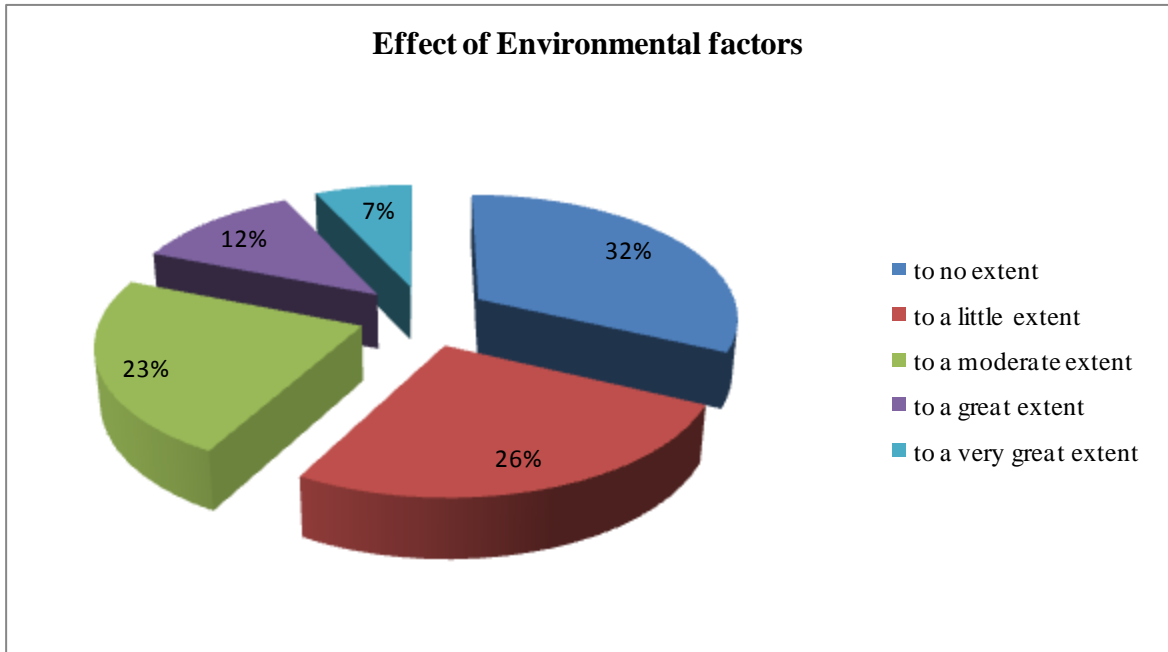


Source: Research Data, 2013

#### **4.3.2.6 Environmental Factors**

With respect to environmental factors, the findings established that environmental factors had not affected law firms to a large extent. 32% stated that environmental factors had not affected them. 26% had been affected to a little extent, 23% to a moderate extent, 12% to a great extent and 7% to a very great extent.

**Chart 4.3.2.6 Effect of Environmental Factors**

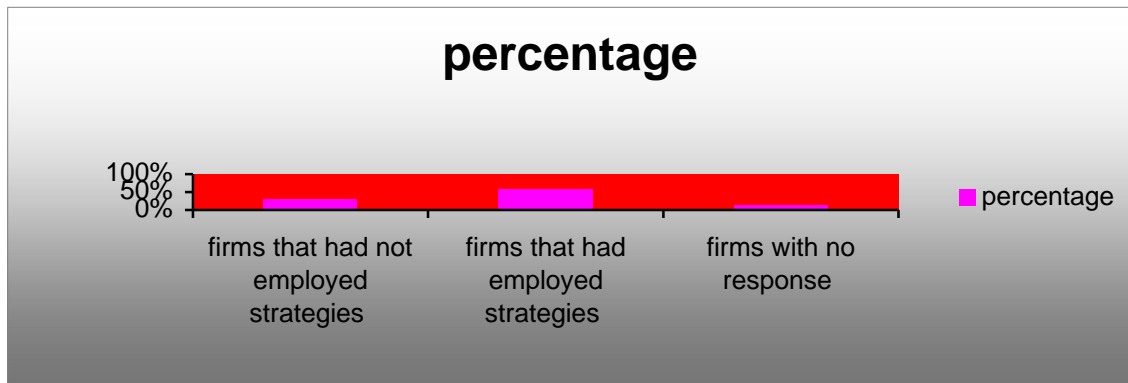


Source: Research Data, 2013

### **4.3.3 Employment of Strategies by Law Firms**

The respondents were asked to state whether they employed strategies to counter changes in the environment. According to the findings 30% of the law firms stated that they had not employed strategies to counter changes in the environment. 58% of the firms had employed strategies to counter changes in the environment. 12% of the firms did not respond.

**Chart 4.3.3 Strategies Employed by Law firms**

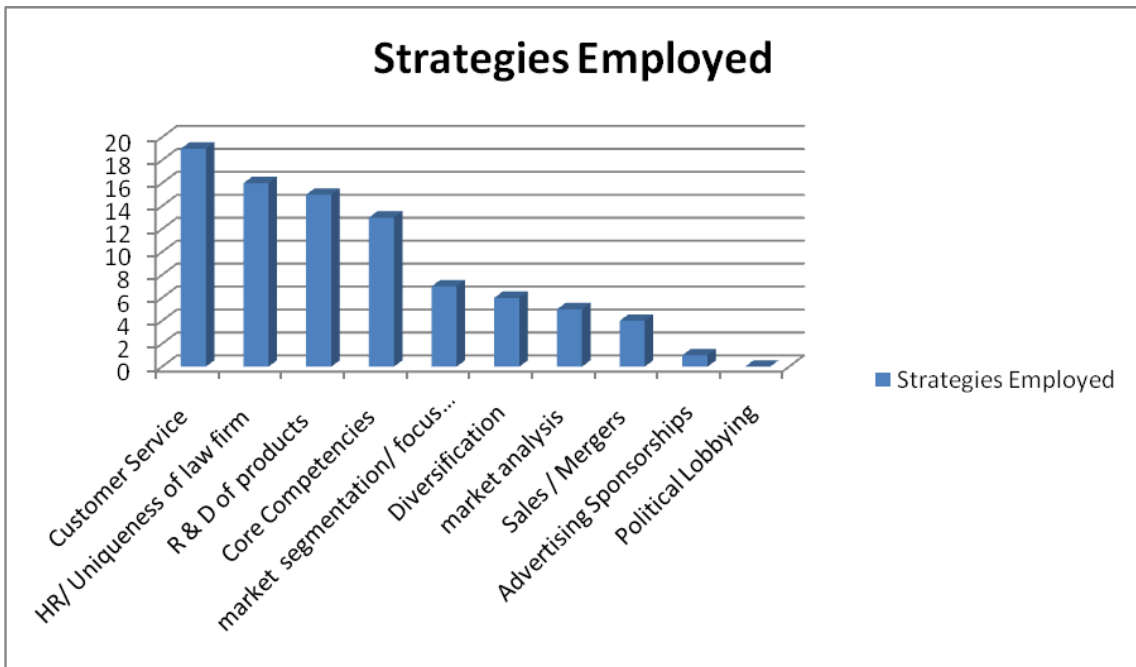


Source: Research Data, 2013

**Table 4.3.4 Specific Strategies Employed by Law Firms**

No	Strategy	Frequency
1	Customer service	19
2	Human resource attraction development and retention/uniqueness	16
3	Research and development of product offering	15
4	Development of core competencies	13
5	Size of the law firm / market segmentation/ focus / Remuneration structure for clients	7
6	diversification	6
7	market analysis strategies	5
8	Sales planning/ Mergers /Strategic Partnerships	4
9	Advertising/Sponsorships	1
10	Political lobbying	0

**Chart 4.3. 4 Strategies Employed**



Source: Research Data, 2013

#### **4.3.5 Other Strategies Employed by Law Firms**

The respondents were asked to specifically state what other strategies they employed to counter the Political, Economic, Social-Cultural, Technological, Legal and Environmental factors. The strategies employed were enumerated as follows:-

##### **4.3.5.1 Political Factors**

The respondents advised that they were taking advantage of new government structures to offer services to a wider market. This was in light of the devolved government that is currently in place. Law firms had also redefined market clientele and their practice areas and engaged in strategic positioning to serve client needs. Many law firms made an

effort to understand and embrace the existing political climate by acquiring knowledge on new policies and laws and were making valuable contributions and policy suggestions to the government. The law firms also avoided involvement in politics/political patronage and adopted a non partisan stand or neutrality in respect to politics. The firms diversified in staff employment with focus on employment from all areas of the country to ensure they had a face of Kenya image thereby promoting regional balance.

#### **4.3.5.2 Economic Factors**

To counter economic factors, firms maintained an open door policy. They engaged in strategic positioning of the firm by having multiple offices and expanding office space and strategically locating offices. They had taken up cost cutting in office operations/streamlining of the firms operations to ensure maximum returns and remained competitive by offering services at a competitive rate and /or /negotiating with customers on fees to ensure they were reasonable but not below the Advocates Remuneration Order.

Law firms were engaging in efficient and effective service delivery to ensure conformity to customer needs and training staff on contemporary fields of practice e.g. mergers and acquisitions. In addition to this, sharing/partnering with clients on local economic activities and investments and diversification of firm proceeds by investing in other areas of the economy e.g. real estate, diversifying into farming enabled them to plan for the future. After relaxation of legal requirements in relation to advertising, law firms

were engaging in proactive advertisement of services and adopting specialization to serve a particular segment of clients.

#### **4.3.5.3 Socio Cultural Factors**

There was a changing attitude/approach towards the way advocates were viewing legal services development. Law firms had realized that there was value in being up to date with contemporary/current socio cultural trends /changes, embracing kenyanisation and clients from all walks of life, religion sect. Other strategies adopted were establishing a client base that represented Kenyan unity, engagement of a multi cultural workforce, providing legal aid, setting up of networks and training of staff on socio cultural trends. Law firms were also aligning themselves to new economic trends and employing unification strategies such as dress down days, eliminating barriers between staff and engaging in corporate social responsibility programmes. Advocates were now sensitive to the socio cultural needs of existing and prospective clients and attuning their firms to the existing social climate.

#### **4.3.5.4 Technological Factors**

Law firms were increasingly using technology. This increased the firm visibility. They were educating / training staff on modern technology. Law firms had embraced and invested in technology / upgrading/enhancing equipment to engage in real time interactions with clients and made improvements in utilization e.g. creation of digital libraries, employing modern telephony based communication tools, social networking

and mobile payment solutions, ensuring the firm is compliant on communication, data storage and processing.

#### **4.3.5.5 Legal Factors**

Law firms had realized that it was important to keep abreast of legal changes and ensuring client and their own compliance with law. They were conducting research outside jurisdiction to find novel approaches to legal problems. The legal profession was moving away from traditional legal solutions e.g. Court to new solutions e.g. mediation and arbitration. Participation in legal and other workshops, committees and forums to ensure contributions to existing and new legislation and policy attending school and training to keep abreast of legal trends and providing leadership and education to clients on new laws and developments in legislation were other strategies employed to counter legal factors. Law firms were also ensuring adherence to laws, and enhancing research methods through digitized libraries and registries for filing systems.

#### **4.3.5.6 Environmental Factors**

Law firms were striving to actively participate in promoting a viable and healthy environment by partnering with organizations on environmental matters. They were ensuring that there was proper waste disposal and recycling waste for digital items.

### **4.4. Interpretation of the Findings**

The study revealed that law firms have been affected by changes in the environment. Law firms were affected by political, economic, socio cultural, technological, legal and

environmental factors and adopted several strategies to assist them to serve customers better. The strategies adopted were both short term and long term strategies and encompassed both generic and grand strategies which strategies are employed depending on the nature of the change in the environment.

This collates with the view that the organisation must of necessity adapt itself to the changes in the environment which are inevitable.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter provides the summary of findings and the conclusions and recommendations of the study based on the objectives of the study. The conclusions were drawn in respect of the objectives of the study which were to establish strategies adopted by law firms in Kenya in response to changes in the external environment.

#### **5.2 Summary of Findings.**

The study established that law firms were affected by a host of external factors in the environment to various degrees. Political, Environmental, Socio Cultural, Technological, Legal and Environmental factors had influenced the law firms choices in relation to the strategies adopted. This could be deduced from the fact that firms had adopted different long and short term strategies as well as generic and grand strategies to adapt to these factors.

Strategies such as diversification (seen in opening of branches), specialization, development of core competencies, uniqueness of the law firm had been adopted and these provided basic direction for the firms strategic actions and directions. For example specialization in particular fields of law formed a basis for identification of law firms by clients. Many clients will select a criminal lawyer based on his/her experience in that

field. Other clients will select a debt collector on the basis of their experience in debt collection so as to ensure they get the best results for their purpose. The law firms had, as they conducted their business adopted the following strategies specifically to counter each of the factors.

### **5.2.1 Political Factors**

The respondents advised that they were adopting several strategies to counter political factors such as taking advantage of new government structures (for example the devolution of government ) to offer services to a wider market. By redefining market clientele, their practice areas and engaging in strategic positioning they were in position to serve wider client needs. The firms had made an effort to understand and embrace the existing political climate by acquiring knowledge on new policies and laws and were making valuable contributions and policy suggestions to the government. The law firms however avoided involvement in politics/political patronage and adopted a non partisan stand or neutrality in respect to politics. Diversification in employment of staff was a strategy to ensure they promoted regional balance and portrayed the face of Kenya.

### **5.2.2 Economic Factors**

To counter economic factors, firms maintained an open door policy. They engaged in strategic positioning of the firm, characterized by expansion in branches and office space and strategic location of offices which allowed them to tap into their niche client market. Cost cutting in office operations and /or streamlining of the firms operations ensured maximum returns and that they remained competitive. Law firms had aligned

themselves to economic trends and were offering services at a competitive rate and /or /negotiating with customers on fees to ensure they were reasonable but not below the advocates remuneration order.

Law firms were engaging in efficient and effective service delivery to ensure conformity to customer needs and training staff on contemporary fields of practice e.g. mergers and acquisitions. In addition to this, sharing/partnering with clients on local economic activities and investments and diversification of firm proceeds by investing in other areas of the economy e.g. real estate, diversifying into farming enabled them to plan for the future. Relaxation of legal requirements in relation to advertising, allowed them to engage in proactive advertisement of services and adopt specialization to serve a particular segment of clients.

### **5.2.3 Socio Cultural Factors**

There was a changing attitude or approach towards the way advocates were viewing legal services development. Law firms had realized that there was value in being up to date with contemporary/current socio cultural trends /changes, embracing kenyanisation and clients from all walks of life, religion sect. Other strategies adopted were establishing a client base that represented Kenyan diversity, engagement of a multi cultural workforce, providing legal aid, setting up of networks and training of staff on socio cultural trends. Law firms were also aligning themselves by employing unification strategies such as dress down days, eliminating barriers between staff and engaging in corporate social responsibility programmes. Advocates were now sensitive to the socio

cultural needs of existing and prospective clients and attuning their firms to the existing social climate.

#### **5.2.4 Technological Factors.**

Law firms had embraced and invested in technology/upgrading/enhancing equipment to engage in real time interactions with clients. Using technology in operations had enabled them to increase the firms visibility in advertising and improved resources utilization. This was evidenced by creation of digital libraries, employing modern telephony based communication tools, social networking and mobile payment solutions, ensuring the firm is compliant on communication, data storage and processing. They were educating and training staff on the benefits of technology. Presently, the law firms are able to view the days` court cases as listed on the internet the day before the matter is in court allowing for better planning with clients and faster dispensation of cases. No firm can therefore afford not to interact with ICT or have it available in their office.

#### **5.2.5 Legal Factors.**

Law firms had realized that it was important to keep abreast of legal changes and were striving to ensure that they together with their clients complied with the laws. Conducting research outside jurisdiction to find novel approaches to legal problems and moving away from traditional legal solutions namely Court to new solutions e.g. mediation and arbitration allowed them to counter legal factors. Participation in legal and other workshops, committees and forums ensured they contributed to existing and new legislation. Attending law school and legal training and policy attending school and

training to keep abreast of legal trends and provide leadership and education to clients on new laws and developments in legislation. Law firms were also ensuring adherence to laws, and enhancing research methods through digitized libraries and registries for filing systems.

#### **5.2.6 Environmental Factors.**

Law firms were striving to actively participate in promoting a viable and healthy environment by partnering with organizations on environmental matters. They were ensuring that there was proper waste disposal and recycling waste for digital items.

### **5.3 Conclusions**

Law firms had adopted several strategies in response to changes in the external environment. Market penetration strategies had been adopted. This could be deduced from the number of law firms that had opened branches in addition to having their principal offices. The existence of the devolved government had also forced advocates to diversify their businesses into the county government system.

Customer service ranked high in importance. Customers expect firms to delve into their needs and wants and to tailor products accordingly. All law firms indicated that customer service was an area of primary importance in attraction and retention of business. This is a strategy that requires commitment from the whole organization.

Market analysis, segmentation and market focus were other strategies employed by law firms to ensure that they attracted and retained their clientele. Employment of cost cutting in the operations of the law firms and attractive remuneration structures for clients meant that the firms maximized on profits.

The dynamism of technology was recognized by law firms. All the Law firms recognized the importance of being well equipped with current information technology systems which they utilized effectively. Employment of strategic information systems was evident in digital libraries and registries established in the firms. In line with the importance of conducting business on real time basis, law firms had recognized the importance of keeping up with technological developments as a means of attracting and retaining clients.

The advent of technology and the existence of the global village had led to continuous innovation. This was evident in adoption of technologically based solutions for payments, study and communication by firms. Several law firms had aligned themselves in global alliances to provide legal services. In the event a client requires services out of the jurisdiction he lives in, his law firm will direct him to their partner in that jurisdiction of his choice who can be able to serve his needs. Synergies realized in the joint ventures and strategic alliances allow firms to lock in clients, conduct business at a lower cost (as the firm can take advantage of establishment the of partner firms in the foreign jurisdiction) and expand their outlook.

The study concludes that law firms are affected by changes in the environment and have adopted strategies to adapt to these changes. The study draws conclusions that short term, long term, grand and generic strategies are employed by the law firms

#### **5.4 Limitations of the Study.**

Due to the unavailability of time and resources, this study was limited to those law firms that responded to the questionnaires. Out of the 100 questionnaires that were sent out, only sixty respondents completed the questionnaires. Respondents bias cannot also be ruled out in this study. Confidentiality was a limitation as one respondent opined that the information sought was of a private nature despite assurances being given that the data collected would be utilized solely for an academic research.

#### **5.5 Recommendations For Future Studies**

The study recommends that further studies should be carried out on how the strategies adopted by the law firms are implemented and the long term effects of the strategies on the businesses of law firms. A study could also be carried out to establish the challenges the law firms face as they implement the strategies. Due to the insights gained from this study, the researcher proposes that further research should also be carried out on other industries.

This study focused on law firms conducting business in Kenya. Further studies can be extended to other players in the legal sectors namely the governance institutions in an effort to establish the factors affecting them in the environment and the strategies they are adopting to counter them. further studies can also be conducted on the law firms due

to the dynamism of law and the environment to indicate the strategies that are continuously being developed as law firms compete to satisfy customer needs. The findings of the research can also be used as a source of reference for research in relation to other industries given that the market is dynamic. Law firms should also focus more on acquiring and improving core competencies and identifying the changes to improve their competitive position.

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## Appendices

### Appendix 1 – Reference Letter

The Partner,  
Law Society & Company  
Advocates,  
P.O BOX 00000 00100,  
NAIROBI

Dear Sir/Madam,

RE: REQUEST TO COLLECT INFORMATION/ DATA FOR AN MBA RESEARCH PROJECT.

I am an advocate and a student at the University of Nairobi pursuing a Master of Business Administration Program.

Pursuant to the prerequisite course work, I am finalizing a research project on law firms in Kenya. My research will focus on Strategies Adopted by Law Firms in Kenya in Response to Changes in the External Environment.

I kindly seek your authority to conduct the research at your law firm. I would be grateful if you would complete the attached questionnaire objectively.

Your assistance is highly valued. In the event you require clarification or further information, please call me on telephone number 0722-714202.

I have enclosed a self addressed envelope to enable you to return the questionnaire.

Yours Faithfully,

JANET MWALUMA

**Appendix 2 - QUESTIONNAIRE FOR LAW FIRMS**

**SECTION A BACKGROUND INFORMATION OF RESPONDENT FIRM**

- 1. Name of the Firm.....
- 2. How long has the law firm been in existence?.....

3. What does the law firm specialise in?

4. How large is the law firm? Consultants.....

Partners.....

Associates .....

Other Staff.....

5. Are there any branches of the law firm and if yes, where?

.....

6. Which clientele do you cater for?

**SECTION B: CHANGES IN THE FIRM**

7. Has the firm changed the composition of its ownership in the last five years?

8. If yes, how and why.....

.....

.....

.....

9. Has the firm grown/ reduced in size in the last five years?

i) How?

Number of staff.....

Number of Branches.....

Areas of specialization.....

Why? .....

### **SECTION C: STRATEGIES & THE EXTERNAL ENVIRONMENT**

Definitions:

Political factors- e.g. political climate, government stability, policies and laws,

Economic factors - e.g. economic growth, inflation rates, global economic climate

Socio cultural factors - e.g. demographic changes, lifestyle changes, work, culture and thinking trends

Technological factors – e.g. technological advancements, automation of operations, technological incentives and options

Legal factors- e.g. legislation, legal frameworks.

Environmental factors- e.g. environmental trends and awareness.

10. To what extent has the firm been affected by changes in the external environment?

To a very great extent

To a great extent

To a moderate extent

to a little extent

To no extent

11. On a scale of 1-5, where one is to a very great extent and 5 is to no extent, state which factors amongst those listed below has had the greatest impact on the firm (Please see the definitions outlined above)

FACTOR	1	2	3	4	5
Political					
Economic					
Socio cultural					
Technological					
Legal					
Environmental					

12. Has the firm developed strategies to counter the changes in the environment?

.....

.....

.....

13. Has the firm developed strategies to counter the political, economic, socio cultural, technological, legal and environmental factors in the environment?

.....

.....

.....

14. If the answer above is yes, please state what form of strategies has the firm adopted towards countering the following factors.

Political.....

.....

.....

Economic.....

.....

.....

Socio Cultural.....

.....

.....

Technological.....

.....

.....

Legal.....

.....

.....

Environmental.....

.....

.....

15. To what extent does the firm employ the following towards countering the challenges in the environment? Please rate by ticking (on a scale of 1-5 where one is to a very great extent and 5 is to no extent).

	Strategy	1	2	3	4	5
1	Development of core competencies					
2	Uniqueness of law firm					
3	Customer service					
4	Human resource attraction development and retention					
5	Size of the law firm					
6	Mergers /Strategic Partnerships					
7	Political lobbying					
8	Research and development of product offering					
9	Sales planning					
10	Advertising/Sponsorships					
11	market segmentation/ focus					
12	diversification					
13	market analysis strategies					
14	Remuneration structure for clients					

16. Any other strategies employed?

.....  
.....  
.....  
17. In general, how have the strategies adopted by the Firm affected the performance of the firm?

.....  
.....  
.....

**SECTION D**

Any final comments?

.....  
.....  
.....  
.....  
.....

Thank you for your time.

### Appendix 3 List of Advocates Law Firms

1	Cheptumo & Company Advocates, NAIROBI.
2	Kaplan & Stratton Advocates,NAIROBI
3	J K Ngaruiya Advocates , THIKA
4	Musinga & Co Advocates ,MOMBASA
5	Oraro & Company Advocates ,NAIROBI,
6	Nyairo & Company Advocates , ELDORET
7	Sichangi & Co Advocates ,NAIROBI
8	Mwaura & Wachira Advocates, NAIROBI
9	Issa & Company Advocates,NAIROBI
10	Murgor & Murgor Advocates NAIROBI
11	Mugoye & Associates Advocates,NAIROBI
12	Muturi Gakuo & Kibaara Advocates, MOMBASA
13	Hamilton Harrison & Mathews Advocates ,NAIROBI
14	John Mburu & Co Advocates, NAIROBI
15	Muteithia, Kibera & Company Advocates, NYERI
16	Muciimi Mbaka & Company Advocates, NAIROBI
17	Kamunyori & Company advocates,NAIROBI
18	S B Mbeche & Co Advocates, KERICHO
19	Njoroge – Kugwa & Company Advocates ,THIKA
20	Lilan & Koech Associates,NAIROBI
21	Otieno Ragot & Company Advocates , KISUMU

22	Kiautha Arithi & Company. Advocates, MERU
23	Apollo Muinde & Associates ,MOMBASA
24	Gikunda Anampiu & Co Advocates, MERU
25	Kahari & Kiai Advocates, NAIROBI
26	Gumbo & Associates Advocates , ELDORET
27	J M Mbuthia & Company Advocates, MURANGA
28	A A Amadi & Co Advocates, MOMBASA
29	Mamicha & Co. Advocates,NAIROBI,
30	Kalya & Company Advocates , ELDORET
31	Manani Lilan & Company Advocates ,ELDORET
32	Nyaundi Tuiyott & Company Advocates ,ELDORET
33	Loius Onguto Advocates , NAIROBI
34	Bowyer Mahihu & Co.Advocates MOMBASA
35	P.M Wamae & Company Advocates ,NAIROBI
36	Kamotho Maiyo & Mbatia Advocates, NAIROBI
37	Sichangi Partners Advocates , NAIROBI
38	Joe Kathangu & Co Advocates, EMBU
39	Omondi Waweru & Company Advocates , MOMBASA
40	Chelule & Co Advocates ,KERICHO
41	Makhandi & Makhandia Advocates, NAIROBI
42	J M Rioba and Company Advocates, NAIROBI
43	C.W. Njuguna & Company Advocates ,NAIROBI

44	Ongoto & Company Advocates ,NAIROBI
45	Mogaka Omwenga & Mabeya Advocates ,MOMBASA
46	Mwenda Mwarania Akwalu & Company Advocates, MERU.
47	Anziva & Co Advocates ,KAKAMEGA
48	Buyuka Obonyo & Company Advocates, MOMBASA
49	Nyamori Nyasimi & Co Advocates ,KISII
50	Charles Kioko, Munyithya & Co Advocates ,VOI
51	Wheldon Ngetich & Co Advocates ,KERICHO
52	Mwinzi & Associates Advocates ,VOI
53	Ben Ochieng' & Co Advocates ,MALINDI
54	J J Chesaro & Co Advocates ,BAMBA
55	Mouko & Co Advocates ,MALINDI
56	Masinde & Co Advocates ,BUNGOMA
57	Roselyne Aburili & Co Advocates ,BUNGOMA
58	Wetang'ula,Adan,Makokha & Co Advocates ,BUNGOMA
59	Aboge & Co Advocates ,KISUMU
60	B A Nyanga & Co Advocates ,KAKAMEGA
61	Gakoi Maina & Company Advocates, , NAIROBI
62	Macharia Mwangi & Njeru Advocates, NAIROBI
63	Maina & Maina Advocates,NAIROBI
64	Muriu Mungai & Company Advocates ,NAIROBI
65	Atkinson Cleasby & Satchu Advocates,MOMBASA

66	Kimani & Michuki Advocates ,NAIROBI
67	Soita & Saende Advocates,NAIROBI
68	Oseko & Company Advocates ,NAIROBI
69	P K Mureithi & Company Advocates,NAIROBI
70	Magut Kirigo & Sang Advocates, NAIROBI
71	Abdalla & Murshid Advocates,MOMBASA
72	Stephen Oddiaga & CompanyAdvocates,MOMBASA
73	Sherman Nyongesa & CompanyAdvocates ,MOMBASA
74	G M Maengwe & CompanyAdvocates, KERICHO
75	S M Onyango & Associates Advocates KISUMU
76	Ouma Njoga & Company Advocates,KISUMU
77	Kalya & Company Advocates, ELDORET
78	Manani Lilan & Company Advocates, ELDORET
79	Ben Ochieng' & Co Advocates MALINDI
80	Nyamori Nyasimi & Company Advocates ,KISII
81	Buyuka Obonyo & Company Advocates,MOMBASA
82	Anziva & Company Advocates, KAKAMEGA
83	Ongoto & Company Advocates, NAIROBI
84	C.W. Njuguna & Company Advocates, NAIROBI
85	Kamunyori & Company Advocates, NAIROBI
86	Mutua Munyao & Company Advocates,MOMBASA
87	Mathenge & Muchemi Advocates,NYERI

88	G K Kibira & Company advocates,NYERI
89	Kanyi J. & Company Advocates,MOMBASA
90	Mbaabu M'Inoti & Co advocates,MERU
91	Sheth & Wathigo Advocates, NAKURU
92	Ndeda & Company Advocates ,NAIROBI
93	Munyithya & Company Advocates MOMBASA
94	Momanyi Gichuki & Company Advocates ,NAKURU
95	Nderitu & Partners Advocates ,NAIROBI
96	Cootow & Associates Advocates ,NAIROBI
97	Susan Kahoya & Company Advocates,NAIROBI
98	Migos Ogamba & Company Advocates,NAIROBI
99	Omwancha Mukiri & Onyango Advocates NAIROBI
100	Muchoki, Kanga'ta, Njenga & Company,Advocates ,NAIROBI