

**STRATEGIC RESPONSES AND DYNAMIC BUSINESS
ENVIRONMENT AT COPY CAT LTD KENYA**

BY

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DECLARATION

This research project is my original work and has not been submitted for a degree in any other university or college for examination/academic purposes or any other purpose.

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

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DEDICATION

I dedicate this project to my family for unfailing encouragement and love. To the man in my life, for walking this journey with me. To my younger brothers and sisters, may this accomplishment be an inspiration to you in your pursuit of knowledge and excellence. Always keep in mind that anything is possible if you put your mind into it.

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ABBREVIATIONS AND ACRONYMS

AO:	Automatic Operations
BFSI:	Banking, Finance, Sacco's & Insurance
CAK:	Communications Authority of Kenya
CCL:	Copy Cat Limited
CD:	Compact Disk
CEO:	Chief Executive Officer
CSR:	Corporate Social Responsibility
DCT:	Dynamic Capabilities Theory
IBM:	International Business Machines
IT:	Information Technology
KCA:	Kenya Information Communications Act
KRA:	Kenya Revenue Authority
KTN:	Kenya Television Network
MBO:	Management By Objectives
NGO:	Non Governmental Organization
VAT:	Value Added Tax

ABSTRACT

The business environment has been characterized as complex, dynamic, multi-facet and having far reaching impact on organizations that operate within it. As a result of these characteristics, the business environment is composed of various factors, events, conditions and influences which interact with each other to create an entirely new set of influences leading to constant environmental change. This was a case study, with the objective to establish the strategic responses adapted by CCL to the dynamic business environment. The study used both primary and secondary data. Primary data was collected through an interview guide while secondary data was in the form of the company's five year strategic plan. The study found from the majority of respondents that there had been major changes in the business environment. The changes that had had a major impact on the operations of CCL included; economical, political, legal, social technological change as well as increased competition. The study also revealed the strategies that CCL had adopted to deal with the changes in the environment that it had encountered. They included; a strategic five year plan, strategic partnerships, embracement of new policies, fair and rigorous employment process, expansion into other East African countries, product differentiation, research on what is trending in the market, involvement in CSR as well advertisement of products and services. Overall, the study concluded that CCL had responded well to changes in the business environment and that the strategies adopted had had a positive impact on the company. The study also concluded that the IT industry was highly dynamic and that the company could face tougher challenges in the future and as a result, should be prepared to deal with them. The study recommended that departments in the organization needed to work more closely together, the staff being recruited should have the necessary knowledge of the job, thorough analysis as well as review of strategies adopted and that the company should work closely with the government to ensure necessary laws are put into place to protect the interests of the industry. The findings of such research could potentially provide important insights into the changes in the environment, to the policy makers, regulators and the government and how they can partner with IT firms to help them deal with these changes. The study also made positive contribution to the strategic management literature by focusing on the relationship between business environment changes and response strategies, and hence the integration of Contingency and Dynamic Capabilities theories.

CHAPTER ONE

INTRODUCTION

1.1 Background

All organizations around the world are subject to a dynamic business environment, what differs between them, is how each is able to come up with strategies to deal with change. Burnes (2000) noted that whatever particular form change takes and whatever objective it seeks to achieve, organizations cannot expect to achieve success unless those responsible for managing it understand the different approaches on offer and can manage them to their circumstances and references.

Organizations exist as open systems and they operate within the environment from where they secure inputs which they internally configure into output for the environment, hence they are environmentally dependent. The external pressures that confront the organization affect the way it manages its internal operations. It is therefore important for the firm's strategic managers to correctly identify the changes in the external environment, evaluate their impact and then draw up a strategy or amend their strategic plans to ensure long term viability of the organization. Strategy is the link between the organization and the environment; hence a very essential element in achieving desired goals.

Kanter (1990) defined strategy as a contingency plan. She believed that the strategist must begin with an understanding of the current and future environment, and then contingently design the plan around that understanding. Contingency theory holds that there is no "one best way" to organize, and organizations perform best when they adapt to fit their contingencies (Bess & Dee, 2008; Donaldson, 2001; Hatch & Cunliffe, 2006; Scott, 1992).

Organizations are therefore compelled to change by changes in the environment if they want to avoid loss of performance (Donaldson, 2001). On the other hand, the dynamic capabilities theory emphasizes two things; one is that organizations must be stable in order to continue to deliver value in their own unique way, and two is that they must be flexible and adaptive enough to shift on time when circumstances dictate so (Teece, 1997)

Information technology is one of the fastest growing as well as most competitive industries in the world. For example, in just a few years, the storage devices have evolved from the floppy disks to CD's to the current flash disks. Organizations are slowly moving away from the traditional face to face transactions to online transactions, bringing with it the challenge of online insecurity that firms need to deal with. It is in light of this and many other challenges facing the IT industry that more research need to be done on how firms strategically respond to the opportunities and threats brought about as a result of interacting with the dynamic business environment.

The changes in the environment have a lot of impact in the Information Technology industry in Kenya. Such changes include, increased competition, numerous price cuts on products, as well as decrease in the size of products to make them portable, an example is a move from magnetic tapes as storage to device to flash disks today. The IT firms have therefore been forced to adjust to these changes by designing valuable strategies or face being kicked out of the market, as customers demand what is latest in the market. The Copy Cat limited Kenya, just like any other company in the IT industry has come up with strategies to deal with the ever dynamic business environment.

1.1.1 The Concept of Strategy

Strategy whether formal or informal, is the key to the overall survival of an organization in a competitive environment. It is the link between the organization and its external environment and without it an organization may lose its direction. In an approach by Drucker (1994), strategy is a process where managers must analyze the present situation and change it if necessary. He stressed the importance of objectives and emphasizes that an organization without clear objectives is like a ship without a rudder. This evolved into his theory of Management By Objectives (MBO).

Chandler (1962) defined strategy as the determination of the basic long-term goals and objectives of an organization and came up with the preposition that “strategy follows structure”. He also defined strategy as responding to environmental factors such as challenges and opportunities. Andrews (1971) developed his concept of corporate strategy. He defined corporate strategy as being the pattern of major objectives, purposes, or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in.

1.1.2 Strategic Responses

There are a number of ways in which organizations can deal with the changes in the environment. Porter (1985) argued that it is all about gaining a competitive advantage. He contended that there are three ways by which companies can gain competitive advantage.

One was by becoming the lowest cost producer in a given market, secondly was by being a differentiated producer (offering something extra or special to charge a premium price), or by being a focused producer (achieving dominance in a niche market).

He insisted that though the “generic strategies” existed, it was up to each organization to carefully select which were most appropriate to them and at which particular time. Mintzberg (1987) held the view that it is simply not possible to consider future complex environments. As a result suggests that the strategist must wait for events to occur, or emerge, then develop strategy. This approach of “incrementalism” involves the “after the fact” development of strategy for discontinuous events.

Senge (1990) suggested that the secret to surviving the dynamic business environment is to have a learning organization. He insisted that organizations needed to discover how to tap people’s commitment and capacity to learn at all levels. Organizations that are continually expanding their capacity to create their future require a fundamental shift of mind among their members. The dimension that distinguished learning from more traditional organizations is the mastery of certain basic disciplines. The five that Senge (1990) identified were, systems thinking, personal mastery, mental models, building shared vision and team learning.

Andrews (1971) found that the future success of a business lay principally in the hands of the general manager of that business. Accordingly at this point he had identified two critical areas that needed attention: simplifying the issues of communication, direction, control and permitting a more critical appraisal of the task of a general manager thereby hopefully overcoming a general apathy that was present with general managers.

He proposed a theory that commenced with the simple proposition that every business organization, every sub-unit of organization, and even every individual should have a clearly defined set of purposes or goals which keep it moving in a deliberate chosen direction and prevent it drifting in undesired direction.

1.1.3 The Dynamic Business Environment

Business environment refers to all the elements existing outside the boundary of the organization that have the potential to affect all or part of the organization. It is a continuously dynamic phenomenon that creates problems for management, (Milliken, 1987). Dill (1958) spoke of the task environment and focused on the external factors. According to him, these factors had an impact upon organizational goal settings. He further emphasized that task was cognitive formulation, consisting of goals and usually also of constraints on behaviours appropriate for reaching the goals.

Emery & Trist (1965) suggested that the environment an organization faces could be categorized into four groups. Placid-randomized, placid-clustered, disturbed-reactive and turbulent-field. Placid-randomized was the least complex while turbulent-field was the most complex. They noted that as the environment becomes more volatile, increasing flexibility is needed to cope with or manage the uncertainty that increases. Their work added considerable importance to understanding the structure of organizational environment. Duncan (1972) also attempted to define this concept by stating that environment is thought of as the totality of physical factors that are taken directly into consideration in the decision making of an individual in the organization. The environment in which organizations operate vary from time to time, it is in this respect that organizations have to be always on the lookout for threats and opportunities and must be ready to deal with them as they come.

1.1.4 Strategic Response and Dynamic Business Environment

There is continued concern about the complexity of the environment and how organizations need to respond to it, hence advocacy for the development of strategy systems. Porter (1985) argued that an organization could respond to the environment through competitive advantage. He contended that there were three ways by which companies could gain competitive advantage. One was by becoming the lowest cost producer in a given market, secondly was by being a differentiated producer (offering something extra or special to charge a premium price), or by being a focused producer (achieving dominance in a niche market). He insisted that though the “generic strategies” existed, it was up to each organization to carefully select which were most appropriate to them and at which particular time.

Mintzberg (1987) in his study concluded that it is simply not possible to consider future complex environments. As a result suggested that a strategist must wait for events to occur, or emerge, then develop strategy. This approach of “incrementalism” involved the “after the fact” development of strategy for discontinuous events. Mintzberg suggested that, as discontinuous events occur, the firm should dynamically craft a strategy. Lawrence and Lorsch (1967) argued that firms differentiate themselves in accordance with the environmental complexity the greater the environmental complexity, the greater the differentiation. Firms also integrate themselves more in accordance with environmental complexity. The more the environmental complexity (measured by heterogeneity and stability of environmental elements) the more the level of integration.

Burns & Stalker (1961) observed that when business environment was stable, the internal structure of the organization was characterized by rules, procedures and a clear hierarchy of authority (i.e. high formalization). They were also highly centralized. But in rapidly changing environments, the internal organization was much looser, free flowing and adaptive. Rules and regulations often were not written down, or if written down were ignored. The hierarchy of authority was not clear. Decision making was decentralized. Burns & Stalker (1961) used the term “organic” to describe the decentralized, low formalized, flexible- structures, and “mechanistic” to describe centralized, highly formalized and inflexible structures.

1.1.5 The Information Technology Industry in Kenya

Information Technology (IT) is the single, most rapidly changing and growing industry in the world. Every day, new technology is developed while old technologies are retired or improved. Secure networks, gaming, sharing pictures with friends, national security, conducting business, electronic medical records, distance learning, secure protection of sensitive and personal ID data are only some of the millions of uses for technology today. Add in trends such as the move to flexible work arrangements, contract work, an aging work force, global labor sourcing, data-driven decision making and the need for both more specialization and more fundamental skills, and it becomes clear just how complex the IT certification process and job market have become.

Kenya is one of the Africa’s largest economies with a GDP of \$32 billion and an average of 5% growth rate in the past five years. IT in Kenya contributes significantly to this growth. The IT industry is regulated by the Communications Authority of Kenya (CAK) established in 1999, by the Kenya Information and Communication Act (KICA) 1998.

It is responsible for facilitating development of the Information and Communications sectors including; telecommunication, electronic commerce, postal and courier services, multimedia and broadcasting, licensing all systems and services in the communications industry, approving and accepting communications equipment meant for use in the country, protecting consumer rights within the communications environment, managing competition within the sector to ensure a level playing grounds for all players, facilitating the development of electronic commerce among other things.

Despite there being a regulatory body in the IT industry, there are still challenges facing this industry. They include; mass copying of ideas, piracy issues, changing business models, intellectual property rights, sustainability of the industry as well as of individual companies among others. Regulatory and legislative frameworks are widely recognized as being outdated with respect to the adoption of digital technologies and changing consumption patterns.

1.1.6 Copy Cat Limited Kenya

The Copy Cat Limited Company was established in 1984 and specialized in office automation only, selling products such as shredders, fax machines and copy printers. In order to survive and remain relevant in the market, the company in addition to the office automation business, strategically ventured into the Information Technology world in 1992 offering IT solutions such as power back-up, video-conferencing, biometric authentication systems and teller automate support.

One of the company's missions "To be the partner of choice in all of the markets in which we do business" has seen it strategically partner with well known IT companies such Microsoft, IBM, Oracle, Cisco as well as Symantec to provide first class services to its wide range of customers. These strategic partnerships with first tier firms across the globe, has made it the best IT and Service Provider in East Africa. In order to cope with the increasing demand for its products and services and to ward off its competitors, the company opened seven branches country wide in Embu, Eldoret, Kisumu, Mombasa, Nakuru and Nyeri towns. It has also spread its wings in countries such as Ethiopia, Uganda and Tanzania

The management of the company also realized the importance of corporate social responsibility as a strategy and ensured that it had a positive impact on the society that has supported it so well. To name a few, this has included co-sponsoring an award for maths teachers, helping high schools and universities, as well as donating funds to the Kenyan drought appeal and the Kenyan National Association of the Deaf. It is this kind of strategic management practices that has seen the company currently serving over 10,000 customers and employing 1000 people in the East Africa region.

"Working together to realize the aspirations of its customers" is the vision of the company and in line with this; it has a lot of exciting projects lined up for the near future. One of them is the online security business which is the fastest growing industry in their portfolio. This is especially important in the banking sector where information is being used for cross-selling and marketing purposes and therefore securing and controlling access is very important. Today Copy Cat Limited has a turnover of over USD 100 million, making it the leading IT systems integrator within East Africa.

1.2. Research Problem

Most managers will agree that the business environment is turbulent and there is no evidence that this turbulence will reduce in at least the medium-term future. Social, political, economical, technological, regulatory and many others are all part of the problem. But while the existence of turbulence is acknowledged, what is much less evident is action to anticipate and prepare for the unexpected turbulence (Lynch, 2009).

With the increasing changes that organizations are confronting every day, sustainable benefits will go to those who can anticipate what consumers want by continuously scanning the environment and giving to the consumer the greatest value with the view that as the operating environment changes, a more pronounced change in the business will emerge (Ansoff, 1980). Firms in the IT industry have experienced tremendous change in the recent past. The changes have been triggered by new entrants, introduction of new technologies of product development, differentiation of products, segmenting and targeting of customers more and improved customer services.

Being one of the major Automatic Operations and IT players in the IT industry in Kenya, the Copy Cat Limited, needs to position itself strategically to cope with the turbulence brought by change in the business environment. Various studies indicate that organizations feel the pressures of the dynamic business environment and have been adopting various strategies to remain afloat.

Martin, Lamont & Hoffman (1994) using data on 147 hospitals in Florida, conducted a study on the strategic responses of these hospitals in relation to the dynamic business environment. Their findings showed that both organizational and external factors determined the range of strategic choices that was adopted by each hospital. Shehada (2010) conducted a study on three NGO's in Palestine so as to understand them as strategic organizations that enact specific behavior in response to pressure within their environment. Her findings showed that each of the three organizations actually deal with the complex environment differently, such that they have different strategies.

Smart & Vertinsky (1984) conducted a study on the relationship between the type of external environment in which a firm operates and the repertoire of strategic responses the firm develops to cope with crisis. Their findings suggest that an executive's propensity to adopt a particular strategic posture depends on his perception of how well his firm can control it's environment and the costs of introducing change into the .organization.

Keller (1983) study was rooted on a desire to know more about the way institutions of higher education adapt to environmental changes and the way strategic marketing concepts influence adaptive organizational change. His findings were that the goal of a strategy in college and university administration is to get the contemporary institution to behave like an organism that must feed itself, change and adapt to its environment.

In Kenya, Njogu (2012) did a study on the strategic responses by Kenya Revenue Authority to the economic environment and changes to improve tax Administration in Kenya. Gitonga (2013) also did a study on the strategic responses to dynamic business environment by law firms in Nairobi Kenya. Kipchumba (2012) studied the strategic responses of Simlaw Seeds Company Limited to environmental challenges. Ndirangu (2012) also carried out a study to establish the strategic responses by Kenya Television Network's broadcast programming to the changing competitive environment. All the above study findings emphasize that in order to achieve efficiency and effectiveness, organizations should align their strategies to appropriate environments.

The passage of time can invalidate the findings of the above mentioned studies due to changes in the operating environment, such as technological advancements as well as the rise of globalization, hence the need to undertake a study on the response strategies adopted by the Copy Cat Limited Kenya, in relation to the dynamic business environment. In addition, from the studies reviewed it is evident that no known studies have been carried out on specific individual firms in the IT industry to determine what strategies are best suited to deliver on given goals and objectives. There is therefore a research gap this study would seek to address by answering this one main question. What strategic responses has the Copy Cat Limited Kenya adopted to cope with the dynamic business environment?

1.2 Research objectives

The study sought to establish the strategic responses adopted by Copy Cat Limited Kenya, in regard to the dynamic business environment in Kenya.

1.3 Value of the Study

The stakeholders of Copy Cat Limited would find this study of importance as it would give insights into other strategies that the company could adopt so as to be able to stand firm in the ever dynamic business environment. The study would add to the existing body of knowledge, the concept of strategic response to benefit academicians and aid further research on the concept. It would also be a significant source of literature on strategy and business environment of Copy Cat Limited for future.

Further the findings of this study would be available for use as a basis of formulating policies and legislation governing the response strategies that can be adopted by IT companies in relation to the dynamic business environment. An understanding of the response strategies as well as the business environment would help the government and other stake holders design targeted policies and programs that would actively stimulate the growth and sustainability of the IT industry.

The findings from this study would assist in providing more literature to support existing theoretical propositions on the strategic responses by organizations to the dynamic environment. It would form a fundamental base, upon which further researches into the field would be based as it would act as both reading and secondary source material in such cases.

1.4 Chapter Summary

This chapter focused on the concept of strategy, strategic responses and dynamic business environment as depicted by several authors in the strategic management field. It also delved into the relationship between dynamic business environment and strategic responses and how organizations respond to different environments. The chapter then gives an overview of the Information Technology industry in Kenya, and then gets into a discussion on Copy Cat Limited Kenya.

It further discussed in detail the research problem and delved into what other researchers both locally and internationally have come up with in their various research studies. Then research objective is also discussed in detail. The study further looked at the value of the study to the strategic management literature, policy makers, academicians as well as the managers at Copy Cat Limited Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains a review of various studies that are relevant to strategy and dynamic business environment. It presents a review of the relevant theories that explain organizations strategy and the dynamic business environment; literature on empirical studies conducted on strategic response and dynamic business environment.

2.2 Theoretical Foundation

This section expounds on the theoretical foundation that can be used to understand the strategic responses that organizations can take up to deal with the dynamic business environment. It is grounded on the contingency theory and the dynamic capabilities theory.

2.2.1 Contingency Theory

Contingency theory originated in the 1960s as a challenge to the traditional management approach that sought the one best way to organize (Hatch & Cunliffe, 2006). Bess & Dee (2008) defined contingency theory as “a process of achieving a ‘fit’ between the conditions of the environment and the design of the organization”. Contingency theory holds that there is no “one best way” to organize, and organizations perform best when they adapt to fit their contingencies (Bess & Dee, 2008; Donaldson, 2001; Hatch & Cunliffe, 2006; Scott, 1992).

Furthermore, organizations adapt to the environment on two levels: first, subunits of an organization align to the specific characteristics of their environments, and second, the larger organization aligns with the overall environment in which it operates (Scott, 1992). Organizations are therefore compelled to change by changes in the environment if the organizations want to avoid loss of performance (Donaldson, 2001). Hatch & Cunliffe (2006) concluded that contingency theory's most important contribution to modern organizational science "has been to make us aware that there are many different ways to organize successfully and to begin to enumerate the possibilities and their consequences".

The contingency theory is not without criticism. It is argued that the organization may attain not full fit, but quasi-fit, that is, a structure that only partially fits the contingencies (Donaldson, 2001). It is sometimes also said against contingency theory that organizational managers may not know the fit states of the theory and so cannot change their organization towards it. However, the concept of quasi-fit allows that managers only need to move towards fit for misfit to be reduced (Donaldson, 2001).

2.2.2. Dynamic Capabilities Theory

The major contributor to this theory was Teece (1997) as he used it to explain how different companies fulfill their contradictory needs. He emphasized two things; one was that organizations must be stable in order to continue to deliver value in their own unique way, and two was that they must be flexible and adaptive enough to shift on time when circumstances dictate so. He defined capability as a set of learned processes and activities that enable a company to produce a particular outcome.

He distinguished between two capabilities. The first capability is the ordinary capability and he defined it as the best practices, which can start from one company and spread to the entire industry. The second one is the dynamic capability that is very unique to each organization and is rooted in the organization's history. They are captured not just in routines, but in business models that go back decades and that are difficult to imitate. He called them signature processes, i.e. "the way things are done around here."

Pisano (1994) defined dynamic capabilities as the antecedent organizational and strategic routines by which managers alter their resource base, acquire and shed resources, integrate them together, and combine them to generate new value creating strategies. Leonard (1992) on the other hand defined dynamic capabilities as the organization's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. They thus reflect an organization's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions. Dynamic capabilities can also be defined as processes embedded in firms; it therefore brings the assumption of an organizational and empirical lens, rather than an economical and formal modeling one (Barney, 1991; Peteraf, 1993).

Despite the significance of the dynamic capabilities theory, the perspective has not gone unchallenged. It has been described in vague terms such as 'routines to learn routines' that have been characterized as being tautological, endlessly recursive and non operational (Masakowski & Mckelvey, 1997; Priem & Butler, 2000).

2.3 Organizations Strategic Response and Dynamic Business Environment

Pearce & Robinson (2005) referred to the environment as all conditions and forces that affect a firm's strategic options and define the competitive situation in the market. The factors that constitute the external environment are into three categories depending on the influence namely, macro, operational and industry factors. Macro factors are those that originate beyond a firm's operating situation, and they are political/legal, economic and social. Operating factors are; competitive position, distributors, customer profiles, employers, shareholder, general public and government. Industry factors are suppliers' powers, competitor rivalry, new entrants' threats, and substitute power (Porter, 1985)

Grant (2000) noted that the survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy. Thus, environmental scanning is the first step in responding to the environmental challenges. In so doing, the firm will understand how to respond to threats, technological changes, political, economic, social and cultural challenges as well as taking advantage of opportunities (Pearce & Robinson, 2011). A firm's strategy should therefore emphasize an improvement to the competitive position of the firm's products and services in the industry, it can achieve this through establishing a competitive advantage over its competitors (Wheelen & Hunger, 2003)

Hofer & Schendel (1997) argued that the environment is a critical factor for any organization's survival and success. It should be seen as biosphere in which individual organizations use over a long-term as a community project in which to be actually involved. It is a resource to be managed and to be shared hence the need to effectively manage the value chain systems and establish collaboration partnerships and to get involved in social responsibility to enrich this resource and enhance corporate image of the organization. The extensive understanding of the environment will help a firm define its objectives and develop competitive strategies.

An understanding of the environment therefore enables a firm to define its objectives and to develop new strategies that are best suited to cope with the change presented by the environment (Hofer & Schendel, 1997). Ansoff & McDonald (1990) agreed that business firms are in constant two way interaction with the environment. They receive an assortment of resources from it and after a transformation, deliver them back to the environment in form of goods and services. The connection of the external environment and the organization is that of input-throughput-output process where inputs are received from the environment and released back into the same environment after being processed.

Porter (1985) further emphasized that what is released can only be consumed if it fits the environment requirements and needs. Turbulent environments are characterized by unfamiliar rapid and unpredictable events. These events dictate the decisions of the management. The events in the environment therefore greatly influence strategic decisions in an organization. An organizations strategy will therefore be reactive or proactive to certain happenings in the environment that have either affected or are anticipated to affect the survival of the organization (Ansoff & McDonald, 1990).

Pfeffer & Salancik (1998) noted that the environment contains other organizations that may be controlling the resources needed by the organization. Independent organizations find themselves depending on each other for resources in an attempt to increase their power inherent in the resources. Organizations are therefore persistent structures of order under constant reinterpretation and negotiation, interacting with an indeterminate environment of turbulence and competing interests.

2.4 Empirical Studies and Knowledge Gap

Various empirical studies have been done to establish the strategic responses of organizations in relation to the dynamic business environment with varied conclusions. Kumar, Subramanian & Strandholm (2002) conducted a study to examine the linkages between perceived environmental changes in the health care and the corresponding strategic adaptations, as reported by managers. Results from a sample of 187 hospitals indicated that efficiency-oriented strategy is chosen more often by organizations that perceive their industry environment to be relatively stable and certain while market-focused strategies are chosen more often by organizations that perceive greater environmental instability and uncertainty.

Shehada (2010) conducted a study on three NGO's in Palestine. She explored how the environment affects and constraints the actions and characteristics of the individual organizations and how the organizations respond to external constraints. The purpose of the study was to understand NGO's as strategic organizations that enact specific behaviours in response to pressures within their environment.

Her findings showed that organizations have at their disposal a wide range of active choice behaviours that vary from passivity to positivity, such that the organizations actually deal with the dynamic business environment differently, .i.e. they employ different strategies to the same environment. In yet another study, Martin, Lamont & Hoffman (1994) using data on 147 hospitals in Florida, conducted a study on the strategic responses of these hospitals in relation to the dynamic business environment. Their findings showed that both organizational and external factors determined the range of strategic choices that was adopted by each hospital.

Mathooko & Ogutu (2013) investigated all the public universities in Kenya. Their aim was to find out the response strategies adopted by the public universities to the ever changing environment. The study used both primary and secondary data. The data analysis was done using both content and logical analysis. The study concluded that the coping strategies adopted by public universities in Kenya in response to changes in the environment are more or less similar to those applied by corporate organizations among them, grand strategies and Porter's generic competitive strategy.

Ndirangu (2012) carried out a study to establish the strategic responses by Kenya Television Network's broadcast programming to the changing competitive environment. Primary data was used in the research and data was collected using an interview guide. Data was analyzed using content analysis as the study aimed to collect data that was qualitative in nature. The results concluded that KTN as a broadcaster has not succeeded in proactively responding to the changes in the external environment. This is evident from the advertising revenues KTN has recorded in the past two years that shows an immense decline.

The study further recommended that KTN also needs to conduct a customer satisfaction survey as well a work environment audit to be able to review its strategic plan with full information. The study recommends that a formulated strategic plan should be drawn largely from the responses of the customer survey, thus making KTN a people's channel.

Kittony (2013) conducted a study on the strategic responses by Kenya Revenue Authority to the changing environment. The study used both primary and secondary data. The study deduced that there was preparation of service charters by all departments, automation of processes, integrity awareness to stakeholders as well as the introduction of Electronic Tax Register (ETR) and introduction of integrity programs. The study recommends that although KRA has been successful in neutralizing the challenges brought about by the changes in the operating environment. It should scan the environment and come up with proactive strategies to cope with identified risks before they happen.

Strategy affects the operations of firms more especially given the volatility in the environment within which they operate. Strategy is therefore the link between firms and environment. The situation of the business environment, therefore largely determines how a firm responds to it. From the studies reviewed it is evident that no known studies have been carried out on specific individual firms in the IT industry to determine what strategies are best suited to deliver on given goals and objectives.

Most studies are cross-sectional. There is therefore need to carry out studies on the strategic responses adopted in relation to the dynamic business environment on individual firms to ascertain the authenticity of the findings of this study on the Copy Cat Limited Kenya.

2.5 Chapter Summary

This chapter presented an overview of the relevant literature that covers research areas on strategic responses and dynamic business environment. The research drew material from several reference sources related to the theme and objectives of the study which was to establish the strategic responses adopted by Copy Cat Limited in regard to the dynamic business environment in Kenya.

The chapter begins by giving a review of the theoretical foundation, then discusses in detail Contingency theory and Dynamic Capabilities Theory. It discussed in depth the concept of strategic responses and dynamic business environment, and then tackles empirical studies which were both internationally as well as locally based and finally concluded with a discussion of the knowledge gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology the researcher employed in investigating the strategic responses adopted by the Copy Cat Limited Kenya to the dynamic business environment. Among the elements discussed in this section are the data collection tools and techniques, as well as the techniques that were used to analyze the collected data.

3.2 Research Design

Rajendra (2008) defined research design as the linkage and organization of conditions for collection and analysis of data in a manner that aims at combining relevance to the research purpose with economy in the procedure. The study was conducted through a case study. This was appropriate since it gave a detailed investigation of a single unit, thereby emphasizing on depth rather than breadth analysis. The Copy Cat Limited being a major player in the IT industry would be considered important in understanding the strategic responses of organizations and the dynamic business environment.

The main reason for selecting descriptive research design was because it provides a knowledge base when little is known about a phenomenon or such things as clarification of a situation, classification of information, or description of subject characteristics that will aid in the refinement of the research problem, formulation of the hypothesis, or design of data collection and analysis procedures (Powers & Knapp, 2006). Descriptive studies portray the variables by answering who, what and how questions (Babbie, 2002).

3.3 Data Collection

The study relied on primary data and secondary data, which was largely qualitative in nature. Primary data was to be obtained from four heads of department at the Copy Cat Limited Company using interview guides. They included IT, Human Resource, Supply Chain and Marketing. This was guided by the fact that they are the ones who carry out the various managerial functions, experience challenges posed by the changing environment and craft coping strategies. Secondary was to be obtained from the company's records as well as published work.

The interview guides that were used to collect data consisted of open-ended questions. The open-ended questions were used to enable the researcher collect qualitative data and to also gain a better understanding and possibly enable a better and more insightful interpretation of the results. The interview guides were to be administered through face-to-face interviews with the respondents'.

3.4 Data Analysis

Data collected was checked for completeness and consistency in preparation for content analysis. Content analysis is defined as a technique of making inferences by systematically and objectively identifying specific characteristics of messages and using the same to relate to trends (Bryman & Bell, 2007). It provides the researcher with a qualitative picture of the respondent's concerns, ideas, attitudes and feelings (Creswell, 2003).

The content analysis was used to analyze the interviewees' views about the strategic responses and dynamic business environment at The Copy Cat Limited Company Kenya so as to bring out common themes or data from the various responses that was collected. This approach ensured that any unanticipated themes were given the opportunity to emerge from the data. The data was then presented in a continuous prose as a qualitative report. The data obtained was also compared with existing literature in order to establish areas of agreement and disagreement in order to ascertain the facts.

3.5 Chapter Summary

This chapter discussed in detail the methodology that was to be employed by the researcher in the study. It looked at the tools that were to be used in gathering data, procedure used for data collection and data analysis.

As a prerequisite to the fourth chapter, this chapter discusses in detail the research framework and credits the result and findings of the study. The chapter also further detailed the means of data collection as well as the data analysis technique used to draw conclusions in the findings elaborated.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The study sought to investigate the strategic responses adopted by Copy Cat Limited in relation to the dynamic business environment. This chapter presents the data analysis and interpretation of the results as per the objectives of the study. Three interviews were conducted with three senior level managers; the findings presented are therefore based on the feedback obtained from these interviews.

4.2 Profiles of the Key Respondents

The research instruments were designed to help collect background information on the participants' gender, level of education and work experience at the organization. This was in an effort to ascertain the interviewees' competence, conversance and suitability as the sources of data for the study of Copy Cat Limited Company. Table 4.1 shows the profile of the key respondents.

Table 4.1 Respondents Profile

Respondents Designation	Gender	Education Level	Working years
Marketing Manager	Female	Undergraduate Degree	One year and nine months
Human Resource Manager	Female	Undergraduate Degree	2
Supply Chain Manager	Female	Undergraduate Degree	13

Source research data, 2015

The results showed that the respondents were all senior managers hence had the advantage of good command and responsibility. The respondents were also all female, a clear indication that there is gender imbalance. The level of education was also the same, with all the respondents having an undergraduate degree. The results also showed that respondents work experience ranged from less than two years to thirteen years. The respondents' designation, level of education and working experience indicates that the respondents were well placed and capable of articulating issues on the strategic responses adopted by CCL towards the dynamic business environment. In total the researcher interviewed three respondents out of the intended four respondents'. This represented a response rate of 75%.

4.3 Dynamic Business Environment

The study sought to find out the changes in the business environment that were affecting the organization. It also sought to find out the areas in the organization that had been affected by the environmental changes, the areas that needed special attention as well as the department that dealt with the environmental changes.

4.3.1. Changes in the Business Environment

The respondents were asked to list the changes in the business environment that had had a major impact on the operations of the organization as a whole. The respondents unanimously agreed that the following changes had a major impact on the organization. They included economical changes, social changes, technological changes, political changes as well as increased competition in the business environment.

4.3.2. Areas Affected by the Changes in the Business Environment

The interviewees added that the changes in the political arena had impacted on the operations of the organization in numerous ways. They cited need for regional balancing so as to ensure that there is no ethnicity within the organization. Changes in the political arena also emphasize on gender balancing during appointments to ensure equality in terms of employment. The recruitment of CEO is done through consultants. Top managements staff vacant positions were now competitively applied for and filled; there was the use of aptitude tests when recruiting graduate trainees as well continuous appraisal after appointments.

The organization has had to change its structure. Initially the organization structure was aligned in verticals, such as public sector, private sector, education and BFSI. Today the organization structure is aligned as per the different types of technology, with the different types of technology providing different solutions. For example the virtualization solutions provide Oracle Database applications, the Business Continuity Planning helps with data replication solution, Solutions design and consultancy provides Oracle – Sun hardware, while storage, security as well as information risk compliance is under Symantec Solutions.

The interviewees agreed that there is no doubt that the society is continuously changing. Attitude towards customer service and product quality, population growth rate, media, attitude towards green/ecological products, lifestyle as well as education level were mentioned as great examples of social change. These factors impact on sale of products as well as revenue earned.

For example, CCL clients prefer doing business online, by exchanging e-documents and doing video conferencing over the Internet, this way business deals are sealed quickly and products delivered immediately. The study revealed that offering products and services that do not benefit clients' behavior, attitude or lifestyle could lead to lose of market share and demand of CCL products and services may fall.

The study found out that increased competition in the business environment forced the CCL to transform from an Automatic Operation (AO) company into an IT company so as to increase its range of products in the year 1992. Before this, the CCL had witnessed a decline in its clientele and profitability due to increased poaching of its staff and clientele by new IT companies. The company's products were also limited to Automatic Operations (AO) such as paper shredders, fax machines and copy printers; its clientele was also mainly limited to private companies. The decrease in performance as well as threats from increased competition forced the managers of the company to overhaul the mission, vision, values and structure of the organization.

The study showed that technology changes had had a major impact on the company. Key areas affected were security, communication. The interviewees unanimously agreed that securing maintenance of company and client files was vital to business integrity, because of the increase in insecurity as a result of electronic information. Technology had also enabled quickly and effective communication. The IT department hooked up employees with email, video conferencing equipment and internal chat rooms so that they always had an efficient way to conduct business and communicate, thus enabling faster decision making. In addition the IT systems gave employees remote access to CCL electronic network, so that they could work from home or on the road.

The interviewees mentioned that the changes in policies that had affected their operations included review of code of conduct every now and then to ensure its amended, performance contracting to ensure quality service was offered all the time, restructuring of departments, adoption of the VAT Act 2013, various policy documents, merging of departments, performance evaluation as well as the adoption of new constitution. The respondents also indicated that the economic conditions had affected the activities of the organization in various ways. One of the economic issues which have had a bearing on the operations of the organization was the fluctuation of the shilling that affected the importation of goods and services and acquisition of goods in general. The respondents unanimously agreed that due to hard economic times, the organization resorted to downsizing which led to the sacking of some employees and the elimination as well as merging of certain departments.

4.3.3. Areas that need Special Attention

The study showed that the respondents agreed that there are areas in the organization that had been affected by the environmental changes that needed special attention. On top of the list was the fact that increased competition had led to some of the CCL employees being poached by competitors, the respondents felt that it was necessary for the organization to work towards employee retention if it is to remain competitive. The study also showed that the respondents felt that there was need to maintain strong partnership levels with the current vendors such as CISCO and Oracle.

According to the study another area that had been affected by the environmental changes that needed special attention was the organization structure. They mentioned that CCL needed to adopt a leaner management structure

4.3.4 Department that deals with Environmental Changes

The study sought to find out if there was a specific department at CCL that deals with changes in the environment. Majority of the respondents indicated that the organization had a department that monitored the environmental changes that were likely to affect the organization. The research and development department kept an eye on what was happening in the business environment, through gathering of market intelligence and consolidating the views of the various departments, which was supervised by the managing director.

The study also found out that in addition to having the research and development department scan the environment for changes that needed attention, the senior level managers had also been charged with the responsibility of constantly keeping an eye on the environment for any changes and making the necessary decisions immediately and relaying the same to the research and development department..

4.4. Strategic Responses

The study sought to find out the strategies that had been adapted by CCL to the changes in the environment, the people responsible for implementing those strategies, how long it took them to implement them, how often they reviewed and amended the strategies and their opinions on what other strategies they thought the company should adapt

4.4.1 Strategic Responses Adopted by Copy Cat Limited

The study found CCL to have a formal strategic plan that spans a period of five years. The strategic plan had provisions for adjustments as the environment dictates. The study also found that CCL had embraced technology as one its strategies to respond to the changes in the technological environment. The company had invested heavily in technology to improve efficiency in its processes. The IT department was backed by an IT committee at the board of director's level; this signified the importance attached to technology at the company. Other strategies adopted included training of staff on the new technology and computerizing all departments.

The study found that in order to motivate its employees and ward off employee poaching by competitors, the company had a framework under the Human Resource Department that offered incentives to staffs that come up with innovative ideas on new products and processes. Such staffs were offered rewards to encourage new products and services that are competitive and also new processes that improve efficiency and lower operating costs. This strategy also encouraged retention of gifted staffs that forms the basis of the company's performance culture. The company encouraged every staff to give one new idea every year. These ideas are evaluated by the marketing department, Research& development section. The best idea is rewarded and with the necessary input by the relevant departments, is piloted and eventually implemented.

The study also revealed that the organization had a clear frame work on orientation of new staffs. Seminars were organized to train staffs on the policies and procedures of the organization. On-the-job training and mentorship programmes were also structured to ensure staffs are properly inducted into their new jobs. Continuous coaching and training is also done on the older staffs to improve their productivity. Staffs are promoted based on their performance and the annual performance appraisals are used to determine annual salary increases. A career path for each cadre of staffs is well defined. Succession planning is also integrated in all management decisions to ensure business continuity at all levels.

To counter the changes that have taken place in the organization due to political conditions, CCL had adopted competitive recruitment where advertisements of all positions was publicly done that as opposed to earlier times when it was based on political patronage, publicity of applicants and results. The interviewees also intimated that CCL responded to changes in policies by purposely embracing policies to take care of such changes, gender mainstreaming as guided by the constitution and sensitization of staff and aligning them with current developments to avoid litigation on cases where there is contravention of the constitution. CCL has embraced performance contracting and complied with requirements and formation of a unit within corporate support services department responsible for performance contracting.

The study also revealed that the company had come up with strategic responses on how to deal with changes in the competitive environment. For example, the company has strategically partnered with well known IT companies such as Microsoft, IBM, Oracle, Cisco as well as Symantec to provide first class services to its wide range of customers.

These strategic partnerships with first tier firms across the globe, had made it the best IT and Service Provider in East Africa. In addition in order to cope with the increasing demand for its products and services and to ward off its competitors, the company opened seven branches country wide in Embu, Eldoret, Kisumu, Mombasa, Nakuru and Nyeri towns. It has also spread its wings in countries such as Ethiopia, Uganda and Tanzania

The study revealed that there were a number of ways in which the company deals with changes in the social environment. One of them is the careful observation of the social changes. This involved looking at the cultural as well as social changes in the business environment. This is achieved through market research, as this reveals the trends and patterns of the society that are very important in deciding what business to engage in and what changes need to be made in order to remain relevant. For example, individuals and organizations in general are moving from the face to face transaction to online business, where business transactions are done electronically. The respondents emphasized that CCL has remained relevant and on top of the game in Kenya because it's very keen on recognizing such changes and acting on them immediately, ahead of its competitors.

The study indicated that the CCL was using CSR as a strategy to be at peace with the community in which it operates. . The management of the company has ensured that it has a positive impact on the society that has supported it so well throughout the years. The company sought to make a positive contribution to communities in direct ways through value added services and financial support for community projects. The company wants to be able to contribute actively to the environment in which it functions across the region of East Africa and play a leadership role in helping others help themselves. The key areas that the company addressed were health, education, sports and culture.

In sports for example, the CCL sponsored the Copy Cat Ole Sereni Gold day at the Royal Nairobi Golf Club and is also currently co-sponsoring an award for mathematics teachers. It also sponsored the Rhino Charge 2013 Edition, In terms of CSR on culture; the company donates money to the Stray Lions Cricket Club Tournament and Sri ArrayaSemajSamaj temple who donates the money towards buying food for the orphans and donating to churches. The company also sponsored the Tamii Cultural Association who later makes donations to orphans in the society. In the health sector, the company has donated funds to Kenyan National Association of the Deaf body, as well as the Kenyan Drought Appeal initiative with the help of Safaricom Company.

The study found that CCL has a strategy on product differentiation that ensured the organization had a large portfolio of products and services that meet the needs of its customers. In the OA area, the company has product portfolios on Cash Management, Imaging, Mailing and Security Solutions. Key services in the IT Solutions portfolio include, collaboration, disaster recovery & support, turnkey solutions implementation, infrastructure, data center and virtualization, business continuity planning and solutions design consultancy. The respondents emphasized that the CCL system integration services ensured seamless supply, implementation and operation of complex IT infrastructure.

Feedback from clients is always taken into account when configuring or improving the above mentioned products and services. This has ensured that the products and services are client centered and therefore finds easy adoption by clients when introduced into the market. The company has also exploited its market niche, especially the banks and has been able to introduce products that are unique for these particular clients.

This has been able to give CCL a competitive advantage over its competitors enabling it to be the market leader in IT and to weather the ranging competition in its environment. The research and development department section is tasked with the work of collecting views from clients, identifying their needs and thereafter developing products geared towards meeting such needs. The products are also well tested and piloted before being rolled out.

4.4.2 Implementation and Review of Response Strategies

The study sought to find out who was responsible for implementing the strategies that have been chosen in relation to the existing business environment. The respondents agreed that the various heads of departments within the organization have been charged with the responsibility of implementing the strategies, supervised by the overall managing director. For example the suggested strategies in the procurement and supply chain department, is implemented by the head of that department with the help of other middle level managers in that department. The study also showed that, sometimes all the heads of department are involved in the implementation of certain strategies that are likely to affect the organization as a whole and not just specific departments.

The study also sought to find out how long the process of implementing a new strategy took in the organization. The respondents indicated that this depended on the type of strategy being implemented and how much resources are available for the implementation of that strategy. A simple strategy would take approximately between two to three months. A strategy that seems not so simple can take up to six months, while a very complex strategy can take approximately a year.

It was also noted that the length of the implementation of the strategy also depended on the employees tasked with that job. An employee who has worked in the organization for a long time and has previous experience is likely to take less time, as opposed to one that is new in the organization. The respondents indicated that the strategies adopted were reviewed on a quarterly basis to ensure that the objectives of the organization are still being met. They further emphasized that any deviations noted are dealt with immediately to ensure that the organization stays on track.

4.4.3 Strategic Responses that could be Adopted by CCL

The respondents were asked to give suggestions on the strategies that they thought the organization could adopt to make sure it remained on top of the game. The respondents suggested that to solve customers' service problems even better, the company should install an online network to its key customers so that they can directly enter orders into their computer. The computer's main purpose will be to cut order-entry costs and to provide more flexibility to customers in the time and process of order submission. The system would help yield a larger competitive advantage, add value for customers and lead to a substantial rise in the company's sales. The resulting sharp increase in the company's market share would force a primary competitor into a corporate reorganization and a massive systems development effort to contain the damage.

The respondents also indicated secure maintenance of customer as well as employees' files was vital to business integrity and as a result that security of files in the company needed to be beefed up a little more. For example, storage systems such as virtual vaults, keep information safe by only allowing certain users within the company to access, withdraw, add or change the documents.

They added that having security engineering systems in place means that the company's valuable records would remain intact. Security engineering systems therefore need to protect electronic information from being hacked, or wiped out during technological disaster. The respondents also mentioned that the company could emphasize more on performance culture as a strategy. All departments and staffs could have well defined targets and appraisals done on a monthly basis to evaluate achievement.

The targets could be aligned to the company's five years plan strategy. In addition, the company could also encourage competition among different staffs and departments, with rewards tied to the achievements. Staff promotions could also be based on how well the person has achieved his/her targets in addition to other qualities. This kind of culture could help retain talented staff since they are guaranteed of career growth based on their commitment to their work and achievements of their target. This could see CCL grow and increase its level of staff productivity resulting into increased revenue.

There was also a suggestion that the company needed to advertise its products and services to inform people and organizations in general about their services and products with the aim of positioning CCL products in the market. This could be done via radio, television, print media as well as social networks like Face-book and Twitter. Sometimes the advertisements could be reactive to what is happening in the market aimed at rebutting an aggression by another competitor. In addition the company could also have a result based advertisement policy whereby all advertisement costs incurred must be followed with tangible results of the intended outcomes.

The respondents indicated that the other strategic response that could be adopted by CCL is the use of more certified local expertise to avoid a situation where the company is over dependent on foreign expertise. They noted that there was limited talent in the IT industry in the country, especially certified IT talent in the different offerings such as CISCO, HP, Oracle among others. The company could have the necessary talent by embarking on sourcing for local expertise and having training workshops and seminars, to ensure that their skills are certified and up to date with what is needed in the current market. In addition, the company could have the foreign expertise come in and train the local employees on what is required.

The respondents indicated that the company could put more emphasize on the Copy Cat brand as the number one Systems Integrator in East Africa. The concept of branding and identity is to create a look and feel immediately identifiable and recognizable in the market place. There are many benefits associated with branding. For example, the more a customer sees CCL brand in the market place, the more often he will consider it for purchase, if the brand and identity are truly kept consistent, the customer is more likely to feel that the quality is consistent and to become a loyal follower of the brand, however this means that the product or service must maintain a consistency that reflects the image as well. They noted that good branding could increase the value of the product/service and the company itself.

The respondents also mentioned that the company needed to expand its wings to other parts of the country with the introduction of the county government, to ensure that it increases its customer base in Kenya. There was also an agreement that the company should expand to other parts of Africa to serve a larger customer base, particularly the West African countries that have a high population and numerous organizations that would form the customer base.

4.5 Strategic Response and the Dynamic Business Environment

To the question on the type of strategic response to the changes in the business environment, the respondents intimated that strategic responses were both proactive and reactive to the changes in the company's external environment. They added that proactive approach to change helps the company in avoiding potential threats or to capitalize on a potential future opportunity. On the other hand reactive approach to change applies on an everyday basis when CCL makes changes in its practices after some threat or opportunity has already occurred. For example, the company saw an opportunity in the IT sector and seized the opportunity and is now one of the leading IT solutions providers in the country.

On the question of how the company's preparedness to deal with change in the business environment compared with its competitors, the respondents intimated that the company was prepared way much better than its competitors and this has seen the company align itself with the changing global trends. They added that the reason as to why the organization was one of the leading IT companies in the country is because, it's been able to consistently come up with new strategies to deal with the changes in the environment, whenever the need arises.

The respondents were in accord that there are certain business conditions that could lead to the adoption of more than one strategy. However this depended on the amount of resources that the company has at that particular time. Some strategic responses require huge resources, which are needed in doing research as well as in their implementation. This basically means that, only one strategy can be adopted in the event that it requires huge resources, strategies that require minimal resources can be adopted at the same time. The company must therefore allocate substantial resources to respond to changes taking place in the environment. The money may sometimes not be readily available and therefore poses a strain on the organization's resources.

The respondents were in agreement that the adoption of the above mentioned strategies had led to fruitful results. Examples included improvement in performance as the set targets in terms of revenue and sales were met, lowered costs of operation, improved service delivery as clients were happier with the quality of service given to them, complaints reduced and improved morale and retention of staff, the company was also able to ward off competition. The respondents indicated that they foresee increased competition as new entrants get into the IT industry to have a piece of the "cake" associated with this industry

4.6. Discussions

Organizations adaptation to environment has been an important concern for management scholars. This research therefore sought to establish the strategic responses adopted by CCL to deal with the dynamic business environment. The respondents emphasized that the organization has remained relevant over the years; because managers continuously monitor the business environment for any changes, and come up with strategies to deal with those changes. This observation was in line with Bess & Dee (2008) contingency theory which holds that there is no “one best way” to organize, and organizations perform best when they adapt to fit their contingencies.

Managers interviewed intimated that in the absence of an appropriate strategy, changes in the business environment may cause the organization to lose its customer base to its competitors and eventually lower its performance level. They further noted that if left unattended for too long, some environmental changes would threaten the company’s survival. This is confirmed by Donaldson (2001), who observed that an organization is compelled to change by changes in the environment if the organization wants to avoid loss of performance.

Grant (2000) had argued that an organization must maintain a match between its strategy and the environment, and also between its internal capability and its strategy. The study found out that CCL carried out a major transformation in the year 1992. In addition to the OA portfolio, it decided to venture into the IT world, to offer IT solutions to individuals and organizations. It did this by forming partnerships with major IT companies in the world such as Oracle and CISCO; this was in an effort to align the company to the environment that was generating great competition.

In order to boost its internal capability, the recruitment process was made in such a way that only the best join the company. The employees also underwent training through workshops and seminars and exemplary employees are rewarded. The study however contradicts what Mintzberg (1987) observed. In his study, he concluded that it is simply not possible to consider future complex environments. As a result suggested that a strategist must wait for events to occur, or emerge, then develop strategy.

This approach of “incrementalism” involved the “after the fact” development of strategy for discontinuous events. Mintzberg (1987) suggested that, as discontinuous events occur, the firm should dynamically craft a strategy. The respondents indicated that by constantly scanning the environment for any changes, the organization had been able to minimize threats and even seize up opportunities ahead of its competitors through planning.

The DCT theory was significant to the study. The theory emphasizes on the organization’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. It thus reflects an organization’s ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions (Leornard, 1992). The theory explains how senior managers of successful companies such as CCL can change their existing mental models and paradigms to adapt to radical discontinuous change. It also explains how companies such as CCL maintain threshold capability standards hence ensure competitive survival.

4.7 Chapter Summary

This chapter provides the data analysis, presentation and interpretation of the results of the study in the research methodology. It presents the research findings and the subsequent discussions taking cognizance of the stated objective which is to establish the strategic responses adopted by Copy Cat Limited, in regard to the dynamic business environment in Kenya

This chapter also discusses the findings in comparison with the relevant theories mentioned which were Contingency theory and Dynamic Capabilities Theory. It further delves into literature established by other authors in the field of strategic management regarding various dynamic business environment and strategies developed to deal with the different environments.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data finding, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusion and recommendations were drawn in quest to establish the strategic responses adopted by the Copy Cat Limited Kenya, in regard to the dynamic business environment in Kenya

5.2 Summary

From the study, it was found that there were numerous changes in the business environment that had affected the operations of CCL as an organization. They included, increased competition, economical, political, legal, technological and social changes. The study established that there were a number of areas that had been affected by these changes.

Changes in the political arena for example, made sure the company considered gender and regional balancing in their recruitment process, continuous appraisals were also done after appointments and CEO's were appointed through consultants. The changes in the social environment had impact on the company's sales and revenues, in the sense that the managers had to ensure that the products and services offered were in line with the customers' expectations. Changes in policies that had affected the company's operations included review of code of conduct, performance contracting, restructuring of departments, adoption of the VAT Act 2013, various policy documents, merging of departments, performance evaluation as well as the adoption of new constitution

Increase in competition in the business environment saw a decline in the company's clientele, which led to a decrease in sales and revenues and eventually a decline in the overall performance of the company. There was also a high turnover of staff as a result of poaching by the company's competitors. Changes in the technological environment led to quicker and efficient communication between departments in the organization as well as with the clients. For example, online transactions ensured clients were offered quality service as communication was much faster through emails and video conferences.

The study indicated that the respondents felt that there were some areas affected by changes in the business environment that needed special attention. They included need to work on employee retention, push for a leaner management structure as well as work on establishing stronger partnership levels with other organizations. The study also revealed that the organization had a separate department (research and development) that was charged with the responsibility of dealing with changes that occurred in the business environment. In addition the senior level managers had been charged with the responsibility of constantly keeping an eye on the environment for any changes and making the necessary decisions.

The study also revealed the strategies that CCL had adopted to deal with the changes in the environment that it had encountered. The company had put in place a formal five year strategic plan that was so far in line with the set objectives. It embraced technology by investing heavily in it and computerizing all departments to improve efficiency of processes. The staffs were encouraged staff to be innovative and rewards were given to the ones that actually came up with ideas that worked.

The staffs' skills were continuously updated through on-the-job and off-the-job training, job rotation, workshops, mentorship programs, seminars, staff were also promoted based on their performance and performance appraisals were used to determine annual salary increases. Changes in the political environment were countered through competitive recruitment and appointment process, publicity of applicants as well as results, appointment of CEO's through consultancy.

Changes in policies were dealt with through embracing the new policies, gender mainstreaming, sensitization of staff and aligning them with current developments to avoid litigation on cases where there is contravention of the constitution as well as embracing performance contracting. The organization also adopted a product differentiation strategy that ensured it had a large product and service portfolio that was easily identifiable to customers.

On how to deal with the competitive environment the organization had partnered with very well known organizations in the IT industry such as Oracle and Cisco. The company also opened up other seven branches in Kenya to cater for the increasing demands of clients. It also spread its wings to other East African countries such as Uganda and Tanzania to increase its market share and revenue. The company also ensured that it had staff in the IT department that were certified in the different products and services it offered, as this ensured that its clients received quality service.

On how to deal with social changes in the environment, the study found out that that the organization had put aside resources to enable market research on what was trending in the market. This ensured that organization sold products and services that were in line with the customers' tastes and beliefs. Another strategy adopted by the organization was the use of CSR to get acceptance of both the products and services it was offering to the community around it. For example the organization sponsored the Rhino Charge 2013 edition; it also donated funds to the orphans in the country.

Feedback from clients collected by the R&D department was also taken into consideration when improving the products and services to ensure that they were customer centered to avoid rejection in the market. The study found out that the various heads of departments within the organization were responsible for the implementation and review of strategies affecting their organizations that had been adopted by the company, with the overall supervision done by the managing director.

The study indicated that the length of implementation of a strategy depended on how simple or complex it was. It also depended on the amount of resources available at that time. For example simple strategies took a shorter time as compared to complex ones. The study also indicated that the strategies adopted were reviewed on a quarterly basis to ensure that the objectives of the organization were still being met. The study also found that the managers felt that there were more strategies that could be adopted by the company.

They included installation of an online network to allow clients to place orders directly, more security measures on clients files, more emphasize on performance culture, more advertisements on the company's products and services, expansion to other parts of Africa as well as the use of more certified local expertise to avoid a situation where the company is over dependent on foreign expertise. The study indicated that the response strategies were both reactive and proactive, in addition, there were certain business conditions that had lead to the adoption of more than one strategy. The study also revealed that the company was in a better position to deal with the changes in the business environment as opposed to its competitors. The study indicated that the adoption of the above mentioned strategies had led to fruitful results.

5.3 Conclusion

Faced with many environmental changes including, highly dynamic business environment, increased competition, more demanding customers, government control and regulation, the survival of many organizations has been shown to depend greatly upon the development of sustainable response strategies to remain viable and competitive, if not to achieve market leadership. The study concluded that there were changes in the business environment that had affected the operations of CCL. Some of them included changes in customer taste, increased competition, technological and political changes.

The study also concluded that CCL had adopted strategic responses (reactive and proactive) to the changes in the business environment to help mitigate their consequences. The study concluded that the implementation period of the strategies depended on the available resources at the moment, abundant resources for example could lead to the implementation of more than one strategy.

The study also concluded that the limitation of resources such as financial resources had hindered the company from adopting all the possible strategic responses. The company therefore adopted a cautious approach to strategies prioritizing on the responses that could have the greatest positive impact at the least cost.

Overall, the study concluded that CCL had responded well to changes in the business environment and that the strategies adopted had had a positive impact on the company. The study also concluded that the IT industry is highly dynamic and that the company could face even tougher challenges in the future and as a result, it should be prepared to deal with those changes.

5.4 Recommendations

A number of recommendations were made from the findings and analysis of this study. The study recommends that since superior service delivery is critical for CCL, internally, the company's business departments should work closely together in ensuring that there is an efficient customer service. The study also recommends that the company should recruit staffs that have the necessary knowledge and competencies in its business to minimize on induction and training costs. The staff should also be enumerated fairly to stop poaching by other competitors in the industry.

The study also recommends that CCL should always analyze strategic responses thoroughly before implementing them as this helps the company implement those strategies better because of a clear understanding. It was also recommended that the strategies adopted should target the whole organization, not just specific segments.

As much as the strategies adopted by CCL were effective, their effects on the operations of the company should not be ignored, it was therefore recommended that a constant review of the effects of the strategies adopted should be done to ensure that they do not affect CCL negatively. The study recommends that the government should ensure that the necessary laws and policies are put in place to safeguard the interests of all the stakeholders in the industry, as this will ensure healthy competition and growth within the industry. This will not only provide revenue to the government through taxes, but also contribute significantly to the economic growth of the country.

CCL should also be involved in more CSR to give back to the society through their CSR policy which is one way of increasing its influence on the lives of Kenyans and thus enhancing customer loyalty. There is also need for CCL to enhance the strategies which have been able to address changes in the dynamic business environment and review those which are not effectively addressing issues arising out of changes in the business environment. The company should also think of differentiating itself from other IT companies and have out of the box (unique) strategies which will eventually give it a better competitive advantage over its competitors. The study further recommends that CCL should undertake appropriate persuasive and sustained advertisement and marketing campaigns in order to inform its current and potential clients of its existing and possibly improved products.

5.5 Limitations of the study

There were a number of limitations noted during the study. The major one was the reluctance by some respondents to give information. The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about CCL. The researcher handled the problem by carrying an introduction letter from the university and assured them that the information they gave would be treated confidentially and it was to be used purely for academic purposes.

Time available to complete the study was also inadequate. In most cases, the researcher had to make several visits to conduct interviews. Most of the managers at some point were very busy, and as a result some interviews had to be rescheduled. The study however minimized this by conducting the interview at the company's headquarter since it is where strategies are made and rolled out to other branches that operate on the blueprint

This being a case study means that the strategies adopted by CCL, might differ from the strategic responses adopted by other IT companies. This is because different organizations adopt different strategies that differentiate them from their counterparts. The study however, constructed an effective research instrument that sought to elicit general and specific information on the strategic responses that organizations adopt in relation to the changing business environment. The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about CCL.

5.6. Implication of the study on Policy, Practice and Theory

This section gives recommendation on the contribution of the study to policy, practice as well as theory

5.6.1. Contribution to Policy and Practice

Policy makers, regulators and government will have an opportunity to understand the changes that are in current business environment and can perhaps partner with IT firms to facilitate appropriate responses as they enter regional and global markets that are very competitive. Kenyan organizations experiencing turbulent times will find the study of value as it will provide insights on strategic responses adopted by a successful firm; this can provide useful information to the organizations and make both anticipation and management of change by these firms better.

To CCL, this study will be more of an evaluation on how the company has dealt with change in a strategic manner. An evaluation will enable the company to recognize its faults and room for improvement to make its future experiences better. The study will give managers and staff an insight on issues of organizational responses, which they must take into consideration, since the survival of the organization in the changing environment depends on how well it is able to adapt to the changes. Information obtained will shed some light on issues such as the need for customer satisfaction hence the need for better service, in this case the customers will also benefit from customer based strategies that leave them happy and contented.

5.6.2. Contribution to Theory and Knowledge

The study indicated that the response strategies adopted at CCL, were similar to those adopted by other private organizations in the IT industry. This basically means that CCL is run like other private entities and that the strategic management practiced in that company is similar to that of other private organizations in the country.

The study makes positive contribution to the strategic management literature by focusing on the relationship between business environment changes and response strategies, and hence the integration of Contingency and Dynamic Capabilities theories. These two theories emphasize on how organizations can deal with the different changes brought about by the dynamic environment.

5.7 Suggestions for Further Studies

The study investigated the response strategies adopted by CCL to the dynamic business environment and helped in the identification of areas that could be further researched. The study recommends further research on strategic responses adopted by other IT organizations in Kenya. This would allow generalization on strategic responses adopted by IT organization to survive in Kenya.

Further research could help identify the various environmental changes affecting the IT industry in Kenya; this would help the managers of the IT organizations to formulate strategic responses for their organizations. Further in depth studies need to be conducted to find how each of the identified strategic responses affects the performance of IT organizations in Kenya.

Further research also needs to be conducted to find out which strategic responses have been effective in addressing the changes experienced in the operating environment. Those strategic responses can be used to build a bigger and better IT industry in Kenya. Further studies also need to be done to get the views and perceptions from other players in the IT industry such as hardware manufacturers and software developers. This can have great insights for policy makers and the government.

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APPENDICES

Appendix I: Interview Guide

INTERVIEW GUIDE FOR COPY CAT LIMITED COMPANY

HEADS OF DEPARTMENTS

Strategic responses and dynamic business environment at the Copy Cat Limited Kenya

PART A: GENERAL INFORMATION

1. Indicate your gender

Male ()

Female ()

2. Indicate your highest level of education

.....

3. Indicate your department

.....

4. Indicate the number of years you have worked in this institution

.....

PART B: DYNAMIC BUSINESS ENVIRONMENT

5. List the changes in the business environment that have had a major impact on the operations of this organization

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

6. Are there specific areas that you think have been adversely affected by these changes?

a. If yes, name them

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

b. Do you think they need special attention?

.....

7. Does your company have a separate department that deals with environmental changes?

8. If yes, which is that department?

.....

PART C: STRATEGIC RESPONSES

9. The business environment for IT industry in Kenya has changed continuously. In light of this, what are the response strategies employed by your company to counter changes from its business environment?

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10. Who implements the strategic responses within your department?

.....

11. How long does the process of implementing a new strategy take in your institution?

.....

12. How often are the strategies reviewed or amended?

.....

13. What other strategic responses do you think should be adopted by your company?

.....
.....

.....

PART D: STRATEGIC RESPONSES AND THE DYNAMIC BUSINESS

ENVIRONMENT

14. Do you consider the various response strategies adopted by Copy Cat Limited to be proactive or reactive to the changes in the business environment?

.....

15. In your opinion, how does the company's preparedness in strategic response to dynamic business environment, compare with other companies within the IT industry

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.....
.....

16. Which business environment conditions can lead to adoption of more than one strategic response at a given period of time?

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.....

17. Has there been any benefit to the organization owing to the adoption of these strategies? If yes, briefly outline

.....

.....
.....

18. What are the future prospects of the IT industry?

.....
.....

Thank you for participating

Appendix II: Data Collection Request

May 15th 2015

The Copy Cat Limited Kenya

P.O. Box 49872 -00100, Nairobi, Kenya.

Dear Sir/Madam,

RE: REQUEST TO COLLECT DATA FOR MBA RESEARCH PROJECT

I am a student at the University of Nairobi pursuing a Masters of Business Administration program. Pursuant to the pre-requisite course work, I would like to conduct a research project on **Strategic Response Adopted by The Copy Cat Limited Kenya in relation to the Dynamic Business Environment.**

The focus of my research was the Kenya Revenue Authority and this involved use of interview guides administered to all the heads of departments.

I kindly seek your authority to conduct the research at Kenya Revenue Authority through interview guides and use of relevant documents. I have enclosed an introductory letter from the University.

Your assistance would be highly valued. Thank you in advance.

Yours faithfully,

Dorcias Awino Owiso

APPENDIX III: Student Introduction Letter



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 6/6/2015

TO WHOM IT MAY CONCERN

The bearer of this letter DORCAS A. OWISO


Registration No. DS169021/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

