STRATEGIC RESPONSES TO COMPETITION BY THE KENYA PORTS AUTHORITY

BY

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September, 2010
DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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Meshack Kimutai Keter.

We as University supervisors confirm that the work reported in this thesis was carried out by the candidate.

Signature: ___________________________ Date: 30/09/2010

Ms Lucy Kavinda

This project has been submitted for review with my approval as chairman of department.

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I wish to acknowledge several individuals who were of great assistance to me in the preparation of this project proposal.

Firstly, I wish to acknowledge the guidance of my project supervisor, Ms Lucy Kavinda for technical support in setting out this project proposal. Secondly, my gratitude goes to my colleagues, Irene Mbogho and Kilungu Matata who helped me a great deal, for their moral support and guidance. Last but not least my special thanks go to my family and especially my dear Wife, Winnie for her moral support and prayers especially when things were very difficult. Above all I thank the almighty father in heaven for his unfailing love.

Thanks to you all.
DEDICATION

I dedicate this project as a memorial to my late father, Benjamin Busienei who was a great source of inspiration to me and to my dear mother who endured a lot for us to be where we are today.

To my dear wife Winnie; what can I do without you?

To my son Jeremy and Peter, it is up to you.
### LIST OF ACRONYMS

<table>
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<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>KPA</td>
<td>Kenya Ports Authority</td>
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<tr>
<td>IAPH</td>
<td>International Association of Ports and Harbours</td>
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<tr>
<td>IMO</td>
<td>International Maritime Organisation</td>
</tr>
<tr>
<td>DRC</td>
<td>Democratic Republic of Congo</td>
</tr>
<tr>
<td>TEU's</td>
<td>Twenty Equivalent Units</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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<tr>
<td>COMESA</td>
<td>Common Market of Eastern and Southern Africa</td>
</tr>
<tr>
<td>PTA</td>
<td>Preferential Trade Area</td>
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<tr>
<td>AGOA</td>
<td>American Growth Opportunity Act</td>
</tr>
<tr>
<td>PEST</td>
<td>Political Economic Social Technological</td>
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<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>BPR</td>
<td>Business Process Reengineering</td>
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<td>CFS</td>
<td>Container freight station</td>
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ABSTRACT

KPA is now operating in a more competitive business environment than before, and the importance of strategic management cannot be overemphasized, because it determines how an organization reacts to competition and other global challenges. The way an organization reacts strategically will determine its survival and even prosperity.

The purpose of this study is to find out the kind of challenges that KPA faces from competition and other global challenges. This study will also document the strategic responses that KPA has put in place and how it has performed given these responses.

The study will be conducted in Mombasa where KPA has its headquarters and all the top managers are based. Stratified sampling method will be used in this study. Questionnaires, observation and interviews will be adopted as tools of data collection.

The findings of this study are expected to reveal the nature of challenges faced by KPA as a result of competition and others from the global arena. The study findings will also indicate how KPA has responded to these challenges and the success of the strategies being studied (Marketing, IT, organisation culture change and organisation structure).
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CHAPTER ONE

INTRODUCTION

1.1 Background

The port of Mombasa dates back 2000 years or so due to the presence of the old harbour, which catered for the dhow trade. The coming of the Arabs and the Europeans increased trade in the East African coast. The decision by the British to open up the hinterland by building the Uganda railway in 1896-1901 increased activity at the old port.

In recognition of the growing importance of the port both in terms of commercial and military terms, port development began with lighter wharves and proceeding upstream from 1926 to 1958 with deep water general cargo berths along the north western shore of the island (Master plan study of the port of Mombasa, December 2004).

The port of Mombasa also served the Tanzanian hinterland through the Voi-Moshi feeder line, which was completed in 1924. In this time up to Kenya’s political independence the port of Mombasa functioned as a port of the East African railways and harbours authority.

After Kenya’s political independence in 1963 the port of Mombasa became part of the East African harbours and Railways Corporation with headquarters in Dar-es-
salaam. When the East African community broke up in 1977, the East African harbours, East African cargo handling services and the East African railways changed names to be Kenya ports authority, the Kenya cargo handling services and the Kenya railways corporation respectively.

The establishment of the Kenya ports authority was achieved through the enactment of the Kenya ports authority act (cap 391 of the laws of Kenya) in 1978. Later in 1986, the separate cargo-handling organization (Kenya cargo handling services company) was merged with Kenya ports authority.

Currently, the port of Mombasa includes Kilindini harbour, port Reitz, the Old port, Port Tudor and the whole tidal waters encircling Mombasa Island. It is one of the largest and most important ports along the East African coast, as it is strategically located to serve the rich commercial, agricultural and industrial hinterland of Kenya and the land locked countries of Uganda, Burundi, Rwanda, eastern part of Democratic republic of Congo, southern Sudan and North eastern part of Tanzania. The port of Mombasa has an enormous recognized potential for the many shipping opportunities for transshipment and transit cargo.

Kenya ports authority’s mission is to promote national and international development through the provision of efficient and cost effective port services at the port of Mombasa. This is in line with its vision to be rated among the top 20
ports in the world by the year 2010 in terms of reputation and efficiency. The authority is also responsible for the operation of all ports and inland container depots in Nairobi, Kisumu and Eldoret.

1.1.1 Nature of competition

The port of Mombasa is dubbed the gateway to East and Central Africa; Kenya, Uganda, Rwanda, Eastern DR Congo, Southern Sudan, Burundi and Northwestern Tanzania depend on the port of Mombasa for their imports and exports. The port of Mombasa is very important for the economy of the region because it enables it to access outside markets and also obtain necessary equipments and other resources for development. Kenya ports authority is also important as an entity because its efficiency enables industries in the region to compete favorably in the global market because of reduced costs in importation and exportation (African shipping review 2\textsuperscript{nd} quarter 2005).

However stiff competition from the ports of Dar-es-salaam and the port of Durban combined with PEST factors have made it very necessary that Kenya ports authority should position itself in order to ensure its survival and prosperity. Kenya ports authority faces stiff competitive rivalry from the ports of Dar-es-salaam and Durban (porter, 1980). The port of Dar-es-salaam has been put under the management of private hands with major acquisition of handling equipment taking place making it attractive to shipping agents and importers. With the fall of
apartheid South Africa has emerged to claim its position in the whole of Africa. Durban port has emerged as a major competitor given its modern facilities and efficient rail transport services. The ability to achieve shorter turn around time of vessels will attract big vessel lines to these ports reducing Kenya ports authority to a feeder port. The fight therefore is to become the transshipment hub in this region where mother ships from the Far East make their stop.

Kenya ports authority is now operating in a more competitive environment, than before the government introduced liberalization of the economy. There has been an increase in cargo as imports and exports have been affected. In 1980 general cargo in its widest sense represented 14.3% of the total seaborne trade by weight, while container traffic accounted for 3% of international trade in weight. However by 1998 container cargo accounted for 56% of international trade in value. By the year 2000 over 200 Million TEU’s (twenty foot equivalent units) had been handled worldwide (Bandari staff newsletter Jan-April 2005).

With increase in cargo being handled customers have become more sophisticated, they need efficient and effective services. Shipping agents want better turn around times for the ships while importers and exporters need cost effective services that will give them competitive advantage in the market. Trade agreements entered into by governments that use the port in the region such as WTO, COMESA, PTA, AGOA and the East African union agreements have led to an increase or a
decrease in trade between the region and the outside world, this has impacted directly on the amount of cargo that passes through the port of Mombasa.

Dry bulk carriers are decreasing in size, while container carriers are becoming bigger. Ship builders are putting into the market 5000-6000 TEU carriers, rather than the usual 3000 or less TEU vessels. Ports that want to host these vessels must be prepared to accept vessels over 300m in length, over 40m in beam and with a draft of 13.5m. Ships have also been designed to improve loading and discharging of cargo, handling equipments must keep pace this has put pressure on ports to buy new equipment (African shipping review 2nd quarter 2005).

Due to fierce competition in the shipping industry, players are getting into alliances or mergers to consolidate their market positions. Recent mergers have seen: Maersk lines merge with Sealand to form Maersk sealand, Hamburg lines merge with Sudlines to form Hamburg-Sud and P&O Ned Lloyd purchased Farrell lines. Lines are using platforms for transshipment of containers, this is boosted by the Mega alliances whereby they want to maximize the utilization of very large container ships, which call at restrictive number of direct ports, which are generally transshipment platforms (hubs).

Becoming a hub port increases competition with other world ports. To become a hub port, ports must ensure that they have the capacity to handle mother ships,
with adequately sized and fitted container terminals, efficient container handling and terminal operations and connecting services as a pre-requisite to compete. Ports such as Dar-es-salaam have been eating into the market share of Kenya ports authority because of their improved efficiency. South African Rail Corporation has been making plans to have a rail line from Durban all the way to Uganda. This will enable Durban port to deliver cargo to Kampala within 4 days as opposed to the current 14 days between Mombasa and Kampala.

1.1.2 Business Environmental challenges

The port of Mombasa is a natural harbour with the paradigm among employees all along being that “Kenya ports authority will always be there as long as the sea does not dry up” Given its strategic location along the East African coast and the natural deep sea harbour especially Kilindini harbour, Kenya ports authority has enjoyed resource based competitive advantage relative to other competitor ports in the region (porter, 1985).

The need to comply with international maritime organization (IMO) and International association of port and harbours (IAPH) regulations and requirements is a big challenge to Kenya ports authority. Some of the requirements are on security, disaster preparedness, and inspection of containers carrying dangerous goods, environmental governance and waste management. Security of ports has become paramount given the threat of terrorism, illicit arms trade and
drug trafficking. Disaster preparedness is a must because of the ever-present threat of oil spillage, earthquakes, tsunamis and other marine accidents.

Roads and railway infrastructure in Kenya is of great concern to Kenya ports authority. The speed with which cargo leaves the port through road and rail transport is very critical to Kenya ports authority because it affects the turn around time of vessels. Any problem in these modes of transport leads to congestion at the port, which affects loading and offloading of vessels thus impacting on efficiency of the port.

Political stability of countries in the hinterland such as Uganda, Burundi, Rwanda, Democratic Republic of Congo, and southern Sudan directly affect the amount of cargo passing through the port of Mombasa. Political stability is vital for economic development and business at the port is dependent on the growth of regional economies. Currently peace has been realized in southern Sudan and Eastern DR Congo, which has seen an increase in cargo from these countries.

Growth and decline in the domestic and regional economy will dictate the amount of export and import cargo passing through the port of Mombasa. The challenge facing Kenya ports authority is therefore to plan ahead by developing capacity that is aligned to economic changes in the region to avoid lack of capacity to handle cargo passing through. This ensures that the port remains competitive when faced
with increased demand and larger vessels (African shipping review 2\textsuperscript{nd} quarter 2005).

Kenya ports authority therefore faces the challenge to assist their customers to improve their competitive positions by offering them efficient low cost and seamless port services. This calls upon Kenya ports authority to not only concentrate on waterfront and improving management’s style but; incorporate modern IT systems, attract foreign investments, facilitate containerization and adopt IMO requirements.

There is also need for Kenya ports authority to create seamless integration between transport modes especially between the port and railway system and continuous development of the human resource to keep abreast of the technological and other trade and market changes.

1.2 Statement of the Problem

Kenya ports authority is operating in a more competitive environment and also facing many challenges in its business environment than before. Technological changes have rendered the old ways of handling cargo irrelevant. Shipping agents, importers and exporters are demanding efficient services. The need to buy modern equipment, adopt new management practices, develop personnel and use IT for
Kenya ports authority to ensure its survival and success cannot be overemphasized.

The purpose of this study is to document the challenges being faced by Kenya ports authority given the competition it is facing in its business environment. The study will determine the business strategies that Kenya ports authority has employed to ensure its survival and prosperity and the extent of success of these strategies. Finally the findings of this study will help fill a gap, because no study on strategic responses by Kenya ports authority has been undertaken.

1.3 Objectives of the study

1.3.1 Major Objectives

The objective of this study is to identify competitive and global challenges facing Kenya ports authority as an organization and how it has responded strategically to those challenges.

1.3.2 Specific objectives

(i) To identify the challenges faced by Kenya ports authority in the context of the changing competitive environment.

(ii) Identify the impact of the following strategic responses: marketing, restructuring, information technology and organization culture, by Kenya ports authority to its changing competitive environment.
(iii) To determine the success of these strategies.

(iv) To determine how Kenya ports authority formulates and implements its strategies.

1.4 Research Questions

(i) What are the challenges faced by Kenya ports authority in its business environment?

(ii) What other Global issues are posing challenges to Kenya Ports Authority?

(iii) How has Kenya ports authority responded to these challenges?

(iv) How successful have these strategic responses been?

1.5 Significance of the study

This study is expected to benefit the following groups:

To policy makers in Kenya ports authority it will be important for them to know: the extent of effectiveness of the various strategic responses, limitations of such responses and suggestions on how to enhance the authority’s responsiveness to competition.

To management consultants who are already working with Kenya ports authority or are intent on working with the authority will benefit from this study.
This study will add to the already existing body of knowledge that academic researchers can benefit from and to stimulate further research.

The study will benefit Kenya ports authority clients and other stakeholders in the shipping industry, who use the port and are directly affected by the performance of Kenya Ports Authority.

1.6 Scope of the Study

The scope of the proposed study will be the employees of the Kenya Ports Authority’s head offices in Mombasa. The headquarters will be considered since it is the decision making body as far as the strategic decision making is concerned and is the base where the management of the Kenya ports authority operates from.

1.7 Limitations of study

(i) Financial Constraints – Due to the inadequate financial resources at hand, the research will be limited only to the headquarters of Kenya Ports Authority in Mombasa. However, the findings are anticipated to be reliable.

(ii) Time constraints – The time frame set for this research study is short and it is anticipated that the researcher might not be able to study a larger sample. Nevertheless the researcher will create more time and commitment in order to come up with a well-researched paper.
(iii) **Co-operation of respondents**- It is anticipated that some respondents might not be fully co-operative thus giving insufficient information. The researcher will try to minimize this by designing a suitable questionnaire.
CHAPTER TWO

LITERATURE REVIEW

2.1 The concept of strategy

Strategy is a concept borrowed from the military; it means maneuvering troops into position before the enemy is actually engaged. Once the enemy is engaged, attention shifts to tactics, (Nichols, 2000). Strategy has been borrowed by business with troops being substituted with resources. Strategy is formulated by top management in an organization, it refers to important actions necessary to realize the organizations directions, it therefore answers questions such as what should the organization be doing? What are the ends we seek? And how should we achieve them? (Steiner, 1979).

Strategy can also be defined as the framework, which guides those choices that determine the nature and direction of an organization (Tregoe and Zimmerman, 1980). This shows that it all depends on the products selected for offer, the markets in which they are offered, customers to be served and the geographical areas to operate in. Michel Robert (1993) advises business executives to base strategic decisions on a single driving force. Tregoe and Zimmerman identified nine driving forces while Michel Robert cited ten forces namely: products offered, market needs, technology, production capability, method of sale, distribution method, natural resources, size or growth, return or profit and market type.
thoughts, ideas, insights, experience, goals, expertise, memories, perceptions and expectations that provide general guidance for specific actions in pursuit of particular ends. Strategy is at once the course we chart, the journey we imagine and at the same time, it is the course we steer and the trip we actually make. Even when we embark on a voyage of discovery with no particular destination in mind, the voyage has a purpose, an outcome and an end to be kept in view.

Strategy then has no existence a part from the ends sought. It is a general framework that provides guidance for actions to be taken, and at the same time it is shaped by the actions taken. This means that the necessary precondition for formulating strategy is a clear and widespread understanding of the ends to be obtained. Without these ends in view action is purely tactical and can quickly degenerate into nothing more than a flailing about.

The changing environment in which Kenya ports authority is operating has become more competitive; to achieve its stated vision and mission Kenya ports authority has to position itself strategically to remain on course. The need to: modernize equipment, comply with IMO regulations, adopt the latest information technology, develop human resources continuously, improve management styles and create efficient and low cost seamless port services is a great challenge to Kenya ports authority given dynamic nature of PEST factors and competition.
2.2 The concept of strategic management

Strategic management can be defined as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company’s objectives (Pearce II and Robinson, 1991). (Wikipedia) further defines strategic management as a process of specifying an organization’s objectives, developing policies and plans to achieve these objectives and allocating resources so as to implement the plans.

These decisions and actions need top management involvement because they provide the overall direction to the whole organization. (Philip Selznick, 1957) introduced the idea of matching the organizations internal factors with external environmental circumstances. An organization’s strategy must be appropriate for its resources, circumstances and objectives. This involves matching the company’s strategic advantages to the business environment the organization faces.

Some writers have argued strategy formulation and implementation as a step-by-step process while others have said that it is a continuous dynamic and interactive process. (Lindblom, 1959, wikipedia) claimed that strategy is a fragmented process of serial and incremental decisions. He viewed strategy as an informal process of mutual adjustment with little apparent coordination. (Quinn, 1980) saw strategic management process as guiding actions and events towards a conscious strategy in a step-by-step process. According to him the nature of strategic
management is constantly integrating the simultaneous incremental process of strategy formulation and implementation, which is the central art of effective strategic management. Lindblom saw strategy as a disjointed process without conscious direction while Quinn saw the process as fluid but controllable.

(Bower, 1970 and Burgelman, 1980, wikipedia) took it a step further they contended that strategic decisions are made incrementally rather than as part of a grand unified vision, but decisions are made by numerous people in all sections of the organization.

(Mintzberg, 1978) made a distinction between deliberate strategy and emergent strategy. Emergent strategy originates not in the mind of the strategist, but rather in the interaction between the organization and its environment. He claims that emergent strategies tend to exhibit a type of convergence in which ideas and actions from multiple sources integrate into a pattern.

(Markides, 1999) has described strategy formulation and implementation as ongoing, never ending, integrated process requiring continuous reassessment and reformation. Strategy is partially deliberate and partially unplanned, (Moncrieff, 1999). The unplanned element comes from two sources “emergent strategies” resulting from the emergence of opportunities and threats in the environment and “strategies in action” are ad hoc actions by many people from all parts of the organization. These multitudes of small actions are typically not intentional, not
teological, not formal and not even recognised as strategic. They are emergent from within the organisation in much the same way as emergent strategies emerge from the environment.

Therefore strategy is both, planned and emergent, dynamic and interactive. Some executives like Andy Grove at Intel feel that there are critical points at which a strategy must take a new direction in order to be in step with a changing business environment. These critical points of change are called strategic inflection points.

Strategic management operates on several time scales, short term and long-term strategies. According to (Abell, 1993) this is the least understood nature of strategic management process. Short-term strategies involve planning and managing for the present, while long term planning strategies involve preparing for and pre-empting the future. Strategic planning requires the use of these dual strategies simultaneously. Long term coordinated strategy is necessary to give a company structure, direction and focus (Chandler, 1962). He recognized the importance to coordinate the various functions of management under all encompassing strategy instead of having departments with little or no interaction.

2.3 Strategy, Environment and Capability

Ansoff and McDonnell (1990) state that changes in the organizations behaviors are necessary if success in the transformation of the future environment is to be
assured. They noted that such changes, which touch on the organizations strategy and capability, would need to be systematically identified through the strategic diagnosis approach. This approach is derived from the strategic success hypothesis which states that a firm’s performance potential is optimum when the aggressiveness of the firm’s strategic behavior matches the turbulence of its environment; the responsiveness of the firm’s capability are supportive of one another. When one of these three aspects are lacking, then the firm’s performance potential will be less than optimum. The real-time response is the specific action that is chosen and implemented in order to realign the organization’s strategic aggressiveness to the environments turbulence.
Figure 1.

Managing the firm’s adaptation to the Environment

The above diagram clearly shows the firms dependence on its environment. Where there is an environmental shift from $E_1$ to $E_2$, then the organizations strategy has to be changed from $S_1$ to $S_2$ in order to adapt to the changed environmental conditions. However this is only when the organizations capability is changed from $C_1$ to $C_2$. Therefore an organization has to monitor its environment continuously so that it can identify any shifts that require it to adjust its strategies.
in response to such changes. This requires that the firm's capabilities be constantly updated to ensure that they support the chosen strategy. As the organizations environment changes, it is necessary that the firm continuously adapts its activities and internal configurations to reflect the new external situation. Failure to this endangers the future success of the organization (Aosa, 1998).

Porter (1991) explains the concept of strategic fit. He states that firms create and sustain competitive advantage because of the capacity to continuously improve, innovate and upgrade their competitive advantages throughout the value chain to more sophisticated types and employing higher levels of skill and technology.

According to Grant (2000), a successful strategy is consistent with the organization's goals and values, external environment, resources and capabilities and organizational systems. This indicates the fact that the organization depends on the environment for its survival and responses to the environmental situation will determine its performance. Thus, when there are changes in the environment, the organization's capabilities and strategy would have to be changed in order to ensure a continued 'strategic fit'.

2.4 Increased Competition and its Impact on Organizations

The 1980's and 1990's have been characterized by discontinuous and unpredictable
business environment. Consequently, businesses have been forced to change their strategies regularly to be able to match their resources with the environment.

Thompson and Strickland (1993), organizations depend on the environment for their survival and therefore it is necessary for them to scan the environment in an effort to identify changing trends and conditions that could eventually affect the industry and adapt to them.

While globalization has its positive effects, it has contributed to declining household incomes, widespread poverty, unemployment as businesses and productive institutions resort to restructuring and reengineering efforts in order to cope with increased competition and crowded business space. There is increasing medical impoverishment of households as the burden of paying for health services continues to grow owing to the increased charges levied by private-for-profit health care providers.

Johnson and Scholes (1999), organizations operate within environments which are turbulent and rapidly changing. Therefore, their relationship is seen as mutual and it is important that effective strategies be in place to facilitate the relationship. He continues to say that most important environmental factors that influence and determine the success of competitive strategies adapted by an organization are
found within the competitive environment which constitutes the industry within which an organization operates.

Liberalization has led to stiff competition in many sectors of the economy and has made firms change their activities in order to survive. The port sector and the shipping industry has not been spared the turbulence brought by liberalization hence increased competition. In an environment that was dynamic the firms found it necessary not only to be focused but also to be flexible and adaptive. They adopt more market driven strategic approaches.

The increased effects of competition has seen a radical change in the port sector especially in other parts of the world. There has been an increase in private sector participation in provision of port services, as public spending and role diminisher. The responsiveness of the private sector to competition is fast; Kenya ports authority may in future adopt the role of a land lord, to allow private sector more participation in provision of port services.

Due to the fact that environment is constantly changing, it is imperative that an organisation has to constantly adapt its activities to reflect to the new environment requirements. Yesterday cannot be used to predict tomorrow. Companies which would like to survive must adapt and adopt to the change, Porter (1980).
2.5 How Firms Cope with Increased Competition

Strategic management according to Ansoff (1990) is a systematic approach to position and relate the firm to its environment in a way that will assure its continued success and make it secure from environmental surprises.

Hamel and Prahalad (1989), states that an organization has a foundation for sustained competitive advantage when it possesses skills or resources that provide superior value to customers and that are difficult to imitate. In a turbulent environment, the more enduring advantage is ability to anticipate evolving customer needs and to generate value creating capabilities based on that knowledge. And unless there is an advantage over competitors that is not easily duplicated or connected, long-term profitability is likely to be elusive.

In the 1990’s, many companies have acknowledged the critical importance of being customer oriented. Customers pay attention to after sales services, knowledge and responsiveness, of employers. (Kotler, 1997).

Aaker (1989) observes that long term success, involves creating, managing and exploiting assets and skills that competitors find difficult to match or counter. This
involves a three-step process; (a) Identifying relevant skills and assets by observing successful and unsuccessful firms, Key customers motivations, large value-added items, and mobility barriers; (b) Selecting those skills and assets that will provide an advantage over competitors, will be relevant to the market, and will be feasible, sustainable and appropriate for the future, and (c) Develop and maintain those assets and skills and neutralize those of competitors.

Aarker continues to state that there are three basic ways to compete, namely; on the basis of delivery (including conveniences), quality (including service) or price. Hamel and Prahalad (1989) say that restructuring and re-engineering -while both are legitimate and important tasks, they have more to do with sharing up today's business than with building tomorrow's industries. Any company that is a bystander on the road to the future will watch its structure, values and skills become progressively less attuned to industry realities. Such a discrepancy between the pace of industrial change and the pace of company change gives rise to the need for organizational transformation. A company's organizational transformation typically includes downsizing, overhead reduction, employee empowerment, process redesign and portfolio rationalization.

Bennet (1983), emphasizes the importance of improving a company's image and points out that the first step in doing this is finding out where you are currently.
According to him this can be done by determining the target audience, especially the employees.

In respect to increased competition, the provision of poor services requires an application of various strategic approaches to be customer service oriented. This may include the use of effective communication systems (modern IT), Customer responsiveness strategies, re-packaging of the existing product to meet the needs of target customers, improved quality service delivery, overcoming political interference, among others.

2.6 Strategic Responses

Thompson (1997) defines strategic adaptations as changes that take place over time to the strategies and objectives of an organization. Handy (1989) identified two types of change.

Strategic drift is a gradual change that occurs so subtlety that it is not noticed until it is too late. By contrast, transformational change is sudden and radical. It is typically caused by discontinuities (or exogenous shocks) in the business environment. The point where a new trend is initiated is called a strategic inflection point by Andy Grove. Inflection points can be subtle or radical. Pascale (1990) said that relentless change requires that businesses continuously reinvent
themselves. His famous maxim is “Nothing fails like success” by which he means that what was a strength yesterday becomes the root of weakness today. We tend to depend on what worked yesterday and refuse to let go of what worked so well for us in the past. Prevailing strategies become self-confirming. In order to avoid this trap, businesses must stimulate a spirit of inquiry and healthy debate. They must encourage a creative process of self renewal based on constructive conflict.

2.7 Strategic Responses To Increased Competition

A number of studies have been done in Kenya on the strategic responses by various business firm's to increased competition. Kombo (1997) noted that in the motor vehicle industry, firms made substantial adjustments in introducing new technologies of product development, differentiated their products, segmented and targeted their customer's more and improve customer services in order to adapt to changes in Environment.

He continued to say that for firms to be effective and hence successful, they should adapt appropriately to the changes that occurs in their respective environments. Such adaptations may referred to as strategic responses. Ansoff (1990) noted that strategic responses involve changes in the firm's strategic behaviors to assure success in the transforming future environment.
Pearce and Robinson (1997) define strategic responses, as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. It is thus a reaction to what is happening in the environment of organizations. Operational responses issues are concerned with setting broad policies and plans for using the resources of a firm to best support its long term competitive strategy. Thus operational responses can be viewed as part of a planning process that coordinates with those of the larger organisation (Porter, 1998).

Managerial decisions with respect to operational planning and control are narrow and short-term by comparison with the strategic issues that are broad with a typically long-time frame depending on the specific industry, (Johnson & Scholes 1999). Thus the study is focused on management decisions at the strategic level which impact the company's long-range effectiveness in terms of how it can address its customers needs and response to increased competition.

Ansoff and Mcdonnel (1990), states that, increased competition has created fundamental shift in economic environment. No organization can hope to stay afloat if it fails to come up with proper strategic responses. Terminologies such as retrenchment, mergers and cost reduction have become a routine for survival means. Aosa (1992), states that, industries are responding to customers demands by becoming more innovative in their new ways of approaching the changed
environment. They use strategies such as improved customer services, credit facility, post-paid cards and provision of convenience goods and services.

Competitive pressures are forcing corporations to adopt new flexible strategies and structures. Many of these are familiar: acquisition and divestitures aimed at more focused combination of business activities, reductions in management staff and increased use of performance based rewards (Kanter, 1989).

The concept of organizational restructuring or reorganization is all about changing the organisation the equivalent of self-administered surgery with no insurance, no anesthetic and no assurance of long-term health. (Augustine, 1997). There is need to adapt to new strategies that match the challenges from the environment. Re-engeneering, downsizing, self-management and outsourcing are some of the dominant strategies that have been used for restructuring in the 1990's (Pearce and Robinson, 2000).

Burnes (1998), the concern in real time response is to minimize the sum to total losses and restore profitability to ensure organization success in a turbulent and surprising environment. He also observed that the unstable and unpredictable conditions, organizations have to operate today means that the ability to think strategically and manage strategic change successfully is key competitive strengths for a sustainable competitive advantage.
Real time strategic issue responses are necessary to facilitate the firm's preparedness impending issues, which profound on the firm. Ansoff and McDonnell (1990), asserts that the management system used by a firm is a determining component of the firm's responsiveness to environmental changes determines the way that management perceives the environment, diagnosis their impact on the firm, decides what to do, and implements the decisions.

He also observes that the work place has been fundamentally transforming such that the sharp distinction between management and worker is no longer visible. The unquestioned authority of the manager has been replaced with negotiations. Other forms of management such as participate management, affirmative action, flexitime, etc, have emerged.

2.7.1 Marketing

The American marketing Association has defined marketing as the performance of business activities that direct the flow of goods and services from the producer or seller to the consumer or user. Kotler, on the other hand defines marketing as the satisfaction of human needs and wants through exchange processes.
Stanton goes further by saying that marketing comprises a system of business activities designed to plan, price, promote, and distribute want satisfying products and services to present and future potential consumer segments.

All the above authors have mentioned marketing as involving business activities that are geared towards satisfying human wants for profit purposes these leaves out non-profit making organizations. Kibera F. and Waruingi B., (1998) define marketing as the performance of those activities that attempt to satisfy a given individual or organization's target group needs and wants for the mutual benefit or benefits.

The marketing concept is the orientation that all marketing decision-making should start by understanding the target consumer and then work backwards to the organisation. The marketer should first identify the needs and wants that consumers are trying to satisfy through marketing research before identifying a product that will satisfy those needs and wants at a profit.

Kotler (2000) observes that marketing helps to define the business mission, as well as analyzing the environmental, competitive and business situations. It therefore plays a major role in the organization's strategic planning process. The strategic marketing responses are based on the marketing mix elements of product, price, distribution and promotion.
2.7.2 Organization Culture

Organization culture can be defined as the way we do things around here. It comprises values and beliefs that may be very deep – rooted and hard to change. It is also evident in attitudes and behaviors, which may also be resistant to change (Linda H, 1998).

Mullins L. J, (2005) defines culture as the collection of traditions, values, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organisation.

According to Varey R.J., (2001) culture and communication cannot be separated. He argues that for people to communicate and cooperate they must share some assumptions about the world they are in and some common standards by which to judge our own and each other’s actions.

Cartwright, J. (1999) sees culture a system of managing authority. When accepted by employees, cultural values increase the power and authority of management in three ways: they identify themselves with the organisation, they internalize the organizations values and they are motivated to achieve the organizations objectives.
Culture is reinforced through the system of rites and rituals, patterns of communicating the informal organisation, expected patterns of behavior and perceptions of the psychological contract. Every organisation will have its own unique culture and different people will be comfortable working in certain organizations if their attributes and personalities are consistent with the culture of that organisation.

Culture of an organisation develops over time in response to a complex set of factors, which influence the development of organisation culture. These are: history of organisation, primary function and technology, organizational goals and objectives, organizational size, organizational location, organizations management and staffing and organizations environment.

To be effective an organisation must be responsive to external environmental influences. If the environment is dynamic, the organization’s structure and culture should be sensitive and readily adaptable to change. Given the pervasive nature of culture it will significantly affect organizational processes such as: decision making, design of structure, group behavior, work organisation, motivation and job satisfaction, and management control.

Harrison and Stokes, (1972) maintains that organisation culture influences the behavior of all individuals and groups in an organisation. Culture impacts most aspects of an organizational life such as how decisions are made, who makes them,
how rewards are distributed, who is promoted, how people are treated and how the organisation responds to its environment.

Naylor J. (2004) points out that in the holistic system any change will affect the culture and the culture will affect or contain the change. It is widespread these days that organizational change is not just about changing the structure but often requires changing the culture too.

Culture is clearly an important ingredient of effective organisational performance. Peter T. J. and Waterman R.H. (1982) drew the attention to the importance of culture in their study of 62 American companies with outstanding successful performance that without exception the dominance and coherence of culture proved to be an essential quality of excellent companies and more it was directed to the market place, the less there was need for policy manuals, organisation charts, or detailed procedures and rules.

Chatman and Cha (2002) suggested that every company has a good or bad culture. However there is more to good culture than happy staff. To aid long term performance there is need to develop a suitable culture that is: strategically relevant, strong in order that people care for what is important and have an intrinsic ability to adapt to changing circumstances. To develop, manage and change culture Chatman and Cha proposed the use of the following managerial tools: recruitment and selection, social tools and training and reward system.
2.7.3 Information technology (IT)

Nesbitt J (1984) theorized that the future would be driven largely by information and that companies that will manage information well could obtain an advantage. Senge P (1990) in popularising the theory of a learning organisation concluded that a company's ability to gather, analyze, and use information is a necessary requirement for business success in the information age. Moore G (1991) and Frank R and Cook P (1995) also detected a shift in the nature of competition. In industries with high technology content, technical standards become established and this gives the dominant firm a near monopoly. The same is true of networked industries in which interoperability requires compatibility between users.

The emergence of the digital firm has changed the focus and emphasis of business strategy from competing head-to-head against other firms in the market, to exploring, identifying and occupying new market niches before competitors, understanding the customer value chain better and learning faster and more deeply than competitors Laudon K and Laudon J (2005). True to this there is a growing importance of using software in ports and terminals, not only for control and management but also for planning solutions (Port strategy, March, 2006).

Changes in the environment are faster than the way organizations change. The main reasons for organizational failure are an inability to adapt to rapidly changing environment and a lack of resources particularly among young firms to sustain even short periods of troubled times (freeman et al, 1983). Information systems can play an important role of acting as environmental scanning instruments,
alerting on the environmental changes that require an organizational response Laudon K and Laudon J (2005).

Information technology especially the use of networks can help a firm lower the cost of market participation, making it cheaper to contact external suppliers instead of using internal sources. IT can also change the hierarchy of decision-making in organizations by lowering the costs of information acquisition and the distribution of information (Malone, 1997). IT can bring information to senior managers directly from operating units thereby eliminating the need for middle managers and clerical support workers. Information system originally intended to be strategic frequently become tools for survival, required by every firm to stay in business (Eardley, Avison and Powell, 1997).

Successful firms have aligned IT to the organizations business plan, firm's business processes and senior management strategic plans. If the organizations business plans, processes and management strategy are outdated, there is need to change the organization and IT to achieve an optimal 'fit' Laudon K and Laudon J (2005).

Gilbert (1995) notes that strategically successful organizations obtain market feedback continuously and rapidly, they adapt immediately to the feedback ahead of rivals. They exploit the potential of strategic as well as competitive and operating information systems. Some of the information technology variables that
can influence a firm's response to competition include the usage of real-time systems, extent of interconnectivity of distribution channels, as well as the efficiency of the telecommunication systems.

2.7.4 Restructuring

Wilson and Rosenfeld (1990) define organization structure as the established pattern of relationships between component parts of an organization outlining communication, control and authority patterns. Thus, structure distinguishes the parts of the organization and delineates the relationship between them.

With regards to the number of levels in the structure of an organization, often referred to as scalar chain, Drucker (1989) suggests that they should be as few as possible. Too many levels bring difficulties in communication and understanding of objectives both up and down the hierarchy.

One of the major activities of restructuring is business process re-engineering. Hammer (1995) defines BPR as the fundamental rethinking and radical redesign of business processes intended to bring about dramatic improvement in performance, this is done with the customer in mind. A rapidly changing economic environment characterized by such phenomena as globalization and deregulation of markets, changing customer and investor demands and an ever increasing product-market competition has become the norm for most organizations. To compete they have to
continuously improve their performance by reducing costs, innovating products and processes and improving quality, productivity and speed to market (Becker, Brian; 1996).

Reengineering is as powerful arm of strategic planning, in fact it is a radical new principle: that the design of work must be based not on hierarchical management and the specialization of labour but on end-to-end processes and the creation of value for the customer (Hammer, 1995), with the intention of retaining and attracting them. Searching for the root cause of customer departures through identification of business practices that need fixing can result in winning back a customer and re-establishing a firm relationship Reichheld (1996).

Senior (1997) notes there are various catalysts for organizational change such as restructuring. These triggers may include a new IT equipment or system, business process reengineering through process intensification/extension, the redesign of a group of jobs, staff right sizing and subsequent staff cutbacks, as well as staff redundancies.

2.8 Previous related studies

There have been various studies on strategic responses to changes in environment for various firms but none has been done for Kenya ports authority. Mwaura (2000) focused on strategic planning within television companies in Kenya. Abdulahi, (2000) “a study of the strategic responses by Kenyan insurance
companies following liberalization” concluded that a good percentage of firms in
the industry consider planning as important and prepare strategic plans for their
business, but overlooked the importance of strategic alliance and mergers. Kandie,
(2001) studied the strategic responses by Telkom Kenya limited in a competitive
environment. He found out that financial constraints and lack of managerial
empowerment has considerably limited the capacity to respond to environmental
oil companies in Kenya to the threat of new entrants”. The study revealed that the
level of competition in the industry is very high and that responses to threats of
entry included products, markets and technology. Firms also use a combination of
generic strategies and customer service as well as lobbying for a level playing
field.

Kombo, (1997) studied “strategic responses by firms facing changed
environmental conditions-a study of motor vehicle franchise holders in Kenya”
noted that the firms in the motor vehicle industry in the changing competitive
situation were constantly adapting their strategies to fit with the environment
shifts. The strategic responses are mainly based on new technologies, product
differences and marketing mix elements. Njau, (2000) established that East
African Breweries limited undertook substantial adjustments in various strategic
response variables in order to fight off competition. The adaptations included the
manipulation of the marketing mix elements, cost efficiency control measures and setting up foreign marketing distribution centers.

2.9 Gaps in previous literature

No study on strategic responses to competition by Kenya ports authority has been undertaken; most of the related studies that I have come across have dealt with other industries such as the banking sector, motor vehicle franchise holders, oil industry, insurance industry, Christian denominations, Gemstone dealers, telecommunication and the media industry. All the above mentioned studies were either case studies or industry wide studies, and their findings could not be generalized to other industries.

Kenya ports authority is an important organization and its management of the port of Mombasa and other inland ports is very important to all stakeholders, competitors and international organizations. This study is aimed at finding out the competitive challenges faced by Kenya Ports Authority, how it has responded to these challenges and the success of these strategic responses.

2.10 Theoretical framework

Kenya ports authority is faced with growing competition from well established ports as well as emerging ports. This study aims at finding out the impact of the
following strategic responses to competition; marketing, restructuring, organization culture and information technology.

The study is based on the assumption that the independent variables namely; marketing, restructuring, organization culture and information technology affect competitiveness this being the dependent variable. The independent variables have been extensively discussed in the literature review.

Figure 2: The Theoretical Framework

STRATEGIC RESPONSES BY KENYA PORTS AUTHORITY

- Marketing
- Restructuring
- Information Technology
- Organizational Culture

COMPETITION

Affects

Dependent variables

Source, Researcher (2006)
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research design
A descriptive research design within the case study of Kenya Ports Authority, will be adopted to establish the strategic responses of Kenya ports authority towards competition. Descriptive designs are used in preliminary and exploratory studies (Luck and Ruben, 1992) to allow the researcher to gather information, summarize, present and interpret for the purpose of classification, Orodho (2002), Borg and Gall (1989).

3.2 Target Population
This study targets the top management of Kenya Ports Authority, those who formulate strategies and oversee their implementation. The target population will consist of the Managing Director, seven heads of divisions and eighteen departmental heads as shown below in table 1.

Table 1

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Number</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Heads of Divisions</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Heads of Departments</td>
<td>18</td>
<td>8</td>
</tr>
</tbody>
</table>
3.3 Sampling procedures

Stratified sampling method will be used in this study. The researcher will randomly choose eight departmental heads and three divisional managers from Kenya ports Authority. These managers comprise those who formulate and oversee the implementation of the strategic response variables that were being studied - restructuring, marketing, information technology and culture change.

3.4 Data Collection

Data collection tools to be used in collecting primary data are: interviews, Questionnaires and observation.

3.4.1 Secondary data

Secondary data will be collected from the existing records of Kenya ports authority such as the promotional efforts, restructuring programs, community efforts. These will be drawn from internal circulars, staff newsletter, newspapers, Kenya ports authority business plan and Kenya ports authority website. In addition association journals such as: International Association of Port and Harbours magazine, African shipping review, and International maritime organisation magazine will be of great importance.
3.4.2 Primary data

The researcher will collect the primary data by personally administering the questionnaire to the eleven respondents. The interview will be guided by the pre-prepared questionnaires to facilitate the in-depth coverage of responses by Kenya ports authority to its changing competitive situation.

The researcher has designed the questionnaire on the basis of objectives of the research and the study's literature review. The questionnaire has been divided into four sections:

Section A – seeks data on the respondents' position in the organisation and the length of service in the given area.

Section B – seeks information on the respondents' assessment of the challenges facing Kenya Ports Authority.

Section C – Addresses the aspects relating to strategic responses to competitive challenges.

Section D – is meant to elicit information on the respondents view on whether Kenya ports authority has achieved its strategic fit.

3.5 Data analysis Technique

Once the responses are received the questionnaires will be edited for completeness and consistency before processing. Thereafter the data will be coded to facilitate categorization. The data collected on the strategic responses will be analyzed
quantitatively and qualitatively on the basis of strategic variables highlighted. Content analysis will be used in analyzing the in-depth qualitative data that has been used in similar studies in the past including Bett 1995, Kombo 1997, Njau 2000, Kandie 2001 and Kiptugen 2003.

3.6 Expected Outcomes

At the end of this study it is expected that the research findings shed light on: the competitive challenges faced by Kenya Ports Authority, the strategic responses by Kenya ports authority to these challenges and the success of these strategies.
CHAPTER 4
DATA ANALYSIS

Data was collected from the sample of Kenya Ports Authority top management in the study of strategic responses to competition. Analysis was done on the data collected from the sample of Kenya Ports Authority staff in senior management positions. The research generally reveals that Kenya ports Authority formulates strategies in response to various competitive challenges even though most of the respondents felt that there was a lot to be done.

4.1 CHALLENGES FACING KENYA PORTS AUTHORITY

Table 1: Changes that have taken place within the last 10 years in the internal business environment which have affected Kenya Ports Authority in terms of severity.

<table>
<thead>
<tr>
<th>Severity</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very low severity</td>
<td></td>
</tr>
<tr>
<td>very intense</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological obsolesce</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>3.1</td>
</tr>
<tr>
<td>Organization Culture</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>-</td>
<td>2.9</td>
</tr>
<tr>
<td>Inability to compete</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>2.2</td>
</tr>
</tbody>
</table>
The researcher established that the following factors affected the internal business environment of Kenya ports authority from the most severe to the least severe as indicated by the mean score: Excess workforce with mean of (4.0), Technological obsolesce with a mean of (3.1), Organization Culture with a mean of (2.9), inappropriate structure with a mean of (2.9) and Inability to compete with a mean of (2.2).

Table 2: External business environmental challenges that affected operations of Kenya ports authority in the last 10 years in terms of intensity.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition</td>
<td>-</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>3.4</td>
</tr>
<tr>
<td>Technology changes</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>3.5</td>
</tr>
<tr>
<td>Social Cultural changes</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>3.3</td>
</tr>
<tr>
<td>Natural/Geographical</td>
<td>2</td>
<td>6</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1.9</td>
</tr>
</tbody>
</table>
Political changes | - | 1 | 1 | 6 | 3 | 4.0
Legal changes | - | 4 | 4 | 1 | 1 | 2.9

Source: research data

The researcher established that political changes with a mean of (4.0) followed by technological changes with a mean of (3.5) intensely affected the operations of Kenya ports authority, while natural and geographical changes with a mean of (1.9) followed by legal changes with (2.9) least affected the operations of Kenya ports authority.

The researcher also established other environmental challenges that affect the operations of Kenya Ports Authority as follows: new legislative and government policies and harbor and maritime regulations.

**Table 3: Competitive forces in the shipping industry.**

<table>
<thead>
<tr>
<th></th>
<th>Very low</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barriers to Entry</td>
<td></td>
<td>3</td>
<td>-</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>3.1</td>
</tr>
<tr>
<td>Rivalry in Industry</td>
<td></td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>Threat of Substitutes</td>
<td></td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>2.1</td>
</tr>
<tr>
<td>Power of Buyers</td>
<td></td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3.1</td>
</tr>
</tbody>
</table>
### Power of Suppliers

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>2</th>
<th>2</th>
<th>2</th>
<th>3.2</th>
</tr>
</thead>
</table>

Source: research data

Among the five competitive forces the researcher established that power of suppliers with a mean of (3.2) was considered extremely intense force. While threats of substitutes with a mean of (2.1) was found to be the least severe force in the shipping industry.

#### 4.2 STRATEGIC RESPONSES

All the respondents from the sample of Kenya ports authority top management acknowledge that Kenya ports authority has responded strategically to changes in the business environment. They were also unanimous that the four strategic responses we chose to study had been undertaken by the port including other strategic responses like private public partnerships where private CFS companies are helping to reduce congestion at the port, performance contracts, pursuing ISO standardization 9001-2000 plans to expand capacity by building the second Terminal and port and adoption of new tariff rates that reflect services being provided.
4.2.1 RESTRUCTURING

All the respondents from the sample of Kenya ports authority top management are in agreement that restructuring has been carried out in the last five years. The objectives of restructuring are set in the 25 year Kenya Ports authority master plan of 2004-2029.

Table 4: Objectives of restructuring process

<table>
<thead>
<tr>
<th>Objective</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To streamline operations</td>
<td>5</td>
<td>19.23</td>
</tr>
<tr>
<td>To cut down costs</td>
<td>4</td>
<td>15.38</td>
</tr>
<tr>
<td>To improve operating efficiency</td>
<td>10</td>
<td>38.46</td>
</tr>
<tr>
<td>To focus more on customer needs</td>
<td>7</td>
<td>26.93</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: research data

The researcher found out that to improve operating efficiency with 38.46% ranked as the highest objective of the restructuring process while the least was to cut down costs with 15.38%.
Table 5: Challenges faced by the Authority during the restructuring process.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Constraints</td>
<td>6</td>
</tr>
<tr>
<td>Political interference</td>
<td>3</td>
</tr>
<tr>
<td>Resistance from staff</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: research data

The biggest challenge during the restructuring process was resistance from staff with 52.63% with the least being political interference with 15.79%.

Table 6: The extent to which objectives of restructuring have been attained at Kenya ports authority.

<table>
<thead>
<tr>
<th>Very small extent</th>
<th>Very large extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>8.33</td>
<td>33.3</td>
<td>58.33</td>
</tr>
</tbody>
</table>

Source: research data

The majority of the respondents from the sample of Kenya ports authority top management with 58.33% felt that the authority was average in attaining the
objectives of restructuring, while the rest felt that it had achieved the objectives to a very small extent.

4.2.2 MARKETING

All respondents with the exception of one from the sample of Kenya ports authority top management were in agreement that the authority had come up with a marketing strategy to market the port in the last five years. Kenya ports authority has opened offices in Uganda and Rwanda in a bid to bring its services closer to some of its customers. The objectives of marketing the port are set in the 25 year Kenya ports authority master plan of 2004-2029.

Table 7: Objectives of the Marketing strategy changes.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To create awareness of our services in the region</td>
<td>8</td>
<td>27.59</td>
</tr>
<tr>
<td>To increase our market share</td>
<td>9</td>
<td>31.03</td>
</tr>
<tr>
<td>To increase competitiveness</td>
<td>5</td>
<td>17.24</td>
</tr>
<tr>
<td>To retain existing customers</td>
<td>7</td>
<td>24.14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data

To increase market share with 31.03% and create awareness of its services in the region with 27.59% ranked the highest objectives of the marketing campaign while
to increase its competitiveness ranked least of objectives for pursuing marketing strategy.

**Table 8: Challenges faced by Kenya ports authority while pursuing its Marketing strategy.**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Constraints</td>
<td>6</td>
<td>37.50</td>
</tr>
<tr>
<td>Inadequate market information</td>
<td>4</td>
<td>25.00</td>
</tr>
<tr>
<td>Lack of flexibility in utilizing various marketing strategies</td>
<td>6</td>
<td>37.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16</td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data

The biggest hindrances to an effective marketing strategy were found to be lack of flexibility in utilizing various marketing strategies and lack of funds with 37.5% each, with the least challenge being inadequate information.

**Table 9: Extent the objectives of marketing strategy have been met.**

<table>
<thead>
<tr>
<th>Extent</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very small extent frequency</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Very large extent percentage</td>
<td>10.0</td>
<td>30.0</td>
<td>60.0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research data
60% of respondents felt that the objectives of marketing strategy have been met on average while the rest felt that the objectives had been attained to a very small extent.

4.2.3 INFORMATION TECHNOLOGY (IT) SYSTEMS

All respondents from the sample of Kenya ports authority top management overwhelmingly agreed that the authority had invested heavily in information technology within the last five. Kenya ports Authority has automated most of its office administration processes, management of the waterfront operations, storage yard areas and gate management to achieve comprehensive management of cargo delivery. The objectives of IT are set in the 25 year master plan of Kenya ports authority of 2004-2029.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To automate operations</td>
<td>9</td>
<td>25.00</td>
</tr>
<tr>
<td>To improve competitiveness</td>
<td>6</td>
<td>16.67</td>
</tr>
<tr>
<td>To improve customer service delivery</td>
<td>8</td>
<td>22.22</td>
</tr>
<tr>
<td>To modernize port operations in line with current developments</td>
<td>7</td>
<td>19.44</td>
</tr>
<tr>
<td>Enhance communication both internally and with external parties</td>
<td>6</td>
<td>16.67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data
To automate operations with 25% ranked the highest objective of changes in IT systems followed by, to improve customer service delivery with 22.22%, the rest tying in ranking.

Table 11: Challenges faced while making the IT changes.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escalation of costs</td>
<td>5</td>
<td>14.71</td>
</tr>
<tr>
<td>Delays by other stakeholders</td>
<td>7</td>
<td>20.59</td>
</tr>
<tr>
<td>Inadequate skills by employees</td>
<td>8</td>
<td>23.52</td>
</tr>
<tr>
<td>Staff resistance</td>
<td>9</td>
<td>26.47</td>
</tr>
<tr>
<td>Delays in procurement processes</td>
<td>5</td>
<td>14.71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data

The researcher established that staff resistance with 26.47% followed closely by inadequate skills by employees with 23.52% posed the highest challenges, with the least being escalation in costs and delays in procurement processes tying at 14.71%.

Table 12: Extent to which objectives of IT have been met.

<table>
<thead>
<tr>
<th></th>
<th>Very small extent</th>
<th>very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>


36.36% of the respondents felt that Kenya ports authority had to a large extent the objectives of IT changes made, followed by 54.55% who felt the objectives had been met on average.

### 4.2.4 ORGANIZATION CULTURE CHANGE

**Table 13: Objectives of culture change.**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To improve responsiveness to customer needs</td>
<td>9</td>
<td>29.03</td>
</tr>
<tr>
<td>To facilitate change process</td>
<td>9</td>
<td>29.03</td>
</tr>
<tr>
<td>To improve working relations</td>
<td>5</td>
<td>16.13</td>
</tr>
<tr>
<td>To increase competitiveness</td>
<td>3</td>
<td>9.68</td>
</tr>
<tr>
<td>Create awareness</td>
<td>5</td>
<td>16.13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data

To facilitate change process and improve responsiveness to customer needs ranked the highest objectives of changing the organization culture each with 29.03%, the least was to increase competitiveness at 9.68%.
Table 14: Challenges faced by Kenya ports authority in pursuing change in organization culture.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resistance from staff</td>
<td>10</td>
<td>38.46%</td>
</tr>
<tr>
<td>Lack of political goodwill from top management</td>
<td>3</td>
<td>11.54%</td>
</tr>
<tr>
<td>Lack of follow-up on progress made</td>
<td>8</td>
<td>30.77%</td>
</tr>
<tr>
<td>Social cultural</td>
<td>4</td>
<td>15.38%</td>
</tr>
<tr>
<td>Religious beliefs</td>
<td>1</td>
<td>3.85%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Source: research data

The researcher established that resistance from staff ranked the biggest challenge to changing the organization culture with 38.46%, followed closely by lack of follow-up on progress made with 30.77%, the being problem being religious beliefs with 3.85%.

Table 15: The extent that the objectives of organization culture change have been met.

<table>
<thead>
<tr>
<th>Very small extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Frequency</td>
<td>1</td>
</tr>
</tbody>
</table>
The majority of respondents with a total of 63.64% felt that the objectives had been met to a small extent.

4.2.5 OTHER RESPONSES

i) Other strategic responses mentioned by the respondents from the sample of Kenya ports authority top management are: pursuit of an aggressive customer relationship management policy, partnership with private players in the industry, adoption and implementation of ISO standardization 9001-2000, plans of expansion to build a second container terminal and a second Port., acquisition of new handling equipment and rationalization of the tariff.

ii) Some of the challenges mentioned by respondents apart from the ones studied include: legal challenges, resistance of change by other stakeholders, lack of commitment from the top management, legislative constraints to fully implement the privatization act and capacity constraints to handle the increased volume of cargo.
4.3 STRATEGY FORMULATION AND IMPLEMENTATION

Table 16: Level of management where strategic responses are formulated.

<table>
<thead>
<tr>
<th>Level of Management</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior level management</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Middle level management</td>
<td>2</td>
<td>18.18</td>
</tr>
<tr>
<td>Top level management</td>
<td>9</td>
<td>81.82</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data

81.82% of respondents agree that strategies are formulated by the top level management while the rest are of the idea that the middle level management are in charge of formulating strategic responses.

Table 17: The process of strategy formulation.

<table>
<thead>
<tr>
<th>Process</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step-by-step process</td>
<td>2</td>
<td>18.18</td>
</tr>
<tr>
<td>Continuous dynamic process</td>
<td>6</td>
<td>54.55</td>
</tr>
<tr>
<td>Fragmented process of serial and incremental</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disjointed process without conscious direction</td>
<td>3</td>
<td>27.27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data
54.55% of respondents described the strategy formulation process as continuous dynamic process, 27% thought it was a disjointed process without conscious direction while the remaining 18% felt it is a step by step process.

**Table 18:** Whether management of Kenya ports authority refer to the master plan (2004-2029) during strategy formulation.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>5</td>
<td>45.45</td>
</tr>
<tr>
<td>Occasionally</td>
<td>5</td>
<td>45.45</td>
</tr>
<tr>
<td>rarely</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Never</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Do not know</td>
<td>1</td>
<td>9.10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data

With regard to question on whether the management refers to the master plan (2004-2029) when formulating strategies, 45.45% of the respondents responded that the management always referred to the master plan during strategy formulation with an equal number who also felt that it occasionally referred to the master plan.

**Table 19:** Do the internal processes, capabilities, resources and activities support the implementation of strategies?
The majority of respondents with 54.55% felt that the internal processes, capabilities, resources and activities support the implementation of strategies, 45.45% disagreed.

**Table 20: Challenges faced by Kenya ports authority in strategy formulation**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate information</td>
<td>2</td>
<td>7.41</td>
</tr>
<tr>
<td>Time taken in formulation of strategies</td>
<td>8</td>
<td>29.63</td>
</tr>
<tr>
<td>Fast changing trends in the market</td>
<td>5</td>
<td>18.52</td>
</tr>
<tr>
<td>Legal requirements</td>
<td>6</td>
<td>22.22</td>
</tr>
<tr>
<td>Management changes</td>
<td>6</td>
<td>22.22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

The biggest impediment in strategy formulation is time taken in formulation of strategies with 29.63%, while the least was inadequate information with 7.41%.

Other challenges that respondents cited are: lack of performance based culture,
lack of staff sensitization before implementation of any new strategy, lack of goodwill from the government of the day, lack of cohesiveness and teamwork on the part of strategy formulators and political interference.

### Table 21: Challenges faced in implementation of strategies.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial constraints</td>
<td>7</td>
<td>28.0</td>
</tr>
<tr>
<td>Political interference</td>
<td>6</td>
<td>24.0</td>
</tr>
<tr>
<td>Resistance from staff</td>
<td>8</td>
<td>32.0</td>
</tr>
<tr>
<td>Management changes</td>
<td>4</td>
<td>16.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: research data

Resistance from staff with 32% is the highest challenge facing implementation of strategies with the least challenge being changes in management with 16%. Other challenges cited by the respondents include the following: proper research for new strategies, trails for the new strategy before full implementation and lack of commitment from the top management.

### 4.4 STRATEGIC FIT

### Table 22: Whether strategic responses to competition are adequate.
63.64% of the respondents from the sample of Kenya ports authority top management felt that the authority’s strategic responses to competition were adequate, while the rest felt they are inadequate. For those who said no proposed the following strategies for Kenya ports authority to be competitive: privatization and outsourcing of cargo handling services to improve efficiency, Kenya ports authority to become a landlord port, simplify cargo clearance procedures, buy new equipment and reduce turn around time of vessels and to reduce the workforce and bring in new talent.

Table 23: Whether Kenya ports authority currently possess the necessary capability to aggressively match the external environment changes.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>63.64</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>36.36</td>
</tr>
</tbody>
</table>

Source: research data
<table>
<thead>
<tr>
<th>Total</th>
<th></th>
<th>11</th>
<th>100.00</th>
</tr>
</thead>
</table>

Source: research data

A similar percentage from the sample of Kenya ports authority top management agreed that the authority has the necessary capability to aggressively match the external environmental changes while the remaining 36.36% felt otherwise.

Those who felt Kenya ports authority did not possess the necessary capabilities proposed the following measures as a way of acquiring these capabilities: improvement on resource utilization, development of adequate performance management systems, training and development of human resources, development and implementation of an organization structure that is responsive and efficient in line with the current business trends, privatization of the port and Kenya ports authority be allowed to operate without political interference where top management position are advertised and recruitment done competently.
CHAPTER 5
SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 SUMMARY
The study aimed at documenting the challenges faced by Kenya ports authority as a result of competition and how it has put in place strategies to ensure its survival and prosperity. The study also reviews the extent of success of these strategies, strategy formulation and implementation.

5.2 DISCUSSION
5.2.1 CHALLENGES FACING KENYA PORTS AUTHORITY
Kenya Ports Authority faces challenges in its business environment. It has to overcome these challenges for it to survive and prosper. Kenya Ports Authority has put in a place a strategic road map to transform itself into a landlord port and other plans in its 25 year master plan (2004-2029). The majority of these plans are yet to be implemented.

Within the internal business environment the research established that Kenya Ports Authority has to take deliberate measures to offload excess workers, put in place a modern structure and change its organization culture. The authority has invested heavily in IT systems with the latest being the waterfront system to manage all operations at the water front area. This system will help the authority manage
cargo handling operations, simplify cargo clearance procedures and ease congestion at the port of Mombasa.

In the external business environment the research established that Kenya Ports Authority faces challenges such as political changes, which in most cases leads to political interference at the port. A good example is the disputed presidential elections of 2007 which led to post election chaos, which adversely affected the operations of the port. Technological changes, competition from other ports and social cultural changes also posed greater challenges.

Other challenges that were pointed out by the respondents from the sample of Kenya ports authority top management are new government policies on state corporations an example being performance contracts, others include new legislation and harbour and maritime regulations.

In the shipping industry the research found out that the power of suppliers is a very powerful force, followed closely by the power of consumers of port services and barriers to enter the industry. The least force in the shipping industry is the threat of substitutes, the reason being that cargo that comes through the port is heavy and bulky and there is no other way of transporting such cargo that is cheaper than by sea.
The research also established that one of the challenges faced by Kenya Ports Authority is its inability to implement some of the planned strategies as a result of slow decision making by the government. A good example is the long awaited plan to privatize cargo handling and make Kenya Ports Authority a landlord port in line with Kenya Ports Authority strategic road map (2003) and the port master plan (2004-2029).

5.2.2 STRATEGIC RESPONSES

All the respondents from the sample of top management of Kenya Ports Authority acknowledge that the authority has put in place various strategies to overcome competition.

The research established that a majority of the respondents from the sample of top managers in Kenya ports authority were in agreement that the authority was average in meeting its objectives in restructuring. The main objective of restructuring according to the research findings is the improvement of operating efficiency with the least being to cut down costs. The main challenge faced during restructuring was staff resistance, followed by financial constraints with the least being political interference.

The objectives of marketing were met on average according to research findings, with the main objective of marketing strategy for Kenya ports authority being to create awareness of our services in the region with the least objective being to create competitiveness. Financial constraints and lack of flexibility in utilizing
various marketing strategies were cited as the main challenges in pursuit of the marketing strategy.

Kenya Ports Authority has aggressively pursued information systems IT strategy by acquiring modern equipment, automating waterfront operations and administrative activities to ensure efficient and effective service provision. Attainment of IT objectives was averagely met according to more than half of the respondents from the sample of top managers of Kenya ports authority. The main objective of IT strategy was to automate operations, followed by improvement of customer service delivery. The least objective of IT strategy according to the study was the improvement of service delivery and enhancement of communication within the organization and with external parties. The main challenges faced during the implementation of IT strategy were staff resistance and inadequate IT skills by employees with the least challenge being delays in procurement processes.

The main objectives of organization culture change were to; improve responsiveness to customer needs and facilitate change process, while the objective considered the least was to increase competitiveness. More than half of the respondents from the sample of top managers in Kenya ports authority were in agreement that the objectives of organizational culture change had been met to a very small extent and therefore management has a lot to do. The main challenges
faced by the authority during implementation of organization culture change strategy were resistance from staff followed by lack of follow-up from top management. Religious beliefs and lack of political goodwill ranked the least of the challenges faced during implementation. The management of Kenya ports authority has been relatively successful in changing the organization culture to embrace an attitude of hard work, customer service, and reward for performance and embrace change. The research established that staff resistance ranked high as a challenge in all the strategies under study and this means that much needs to be done to change this culture.

Apart from strategic responses which were being studied (IT systems, marketing, organization culture and restructuring). The researcher established that some of the strategies which have been put in place are: partnership with the private sector in the industry by allowing private Container freight stations (CFS) companies to take delivery in bulk of local containers thus reducing congestion at the port. Kenya Ports Authority is in the process of adopting and implementing ISO 9001-2000 standardization procedures to standardize its process and procedures thus attaining international recognition for provision of quality service. Plans are also underway to build a new port at Lamu and a second container terminal to increase the capacity to handle more cargo. Recently Kenya Ports Authority rationalized its tariff to reflect the current economic realities.
5.2.3 STRATEGY FORMULATION AND IMPLEMENTATION

The research established that strategies in Kenya Ports Authority are formulated by the top management, even though the process of strategy formulation was not very clear with more than half of the respondents from the sample of top managers of Kenya ports authority settling for continuous dynamic process of strategy formulation. Time taken in formulation of strategies, management changes, legal requirements and fast changing trends in the market were found to be the main challenges in strategy formulation. Other challenges cited by respondents from the sample of top managers of Kenya ports authority are: lack of cohesiveness and teamwork by those charged with strategy formulation, lack of performance based culture, lack of staff sensitization before implementation of any new strategy, lack of goodwill from the government of the day and political interference.

The research also established that an equal number of respondents were in agreement that the management either always refers to or occasionally refers to the Kenya ports authority 25 year master plan (2004-2029) during strategy formulation. More than half of the respondents from the sample of top managers of Kenya ports authority agreed that the authority had the internal processes, capabilities, resources and activities that can support the implementation of strategies.
On implementation of strategies staff resistance appeared prominently as a major challenge. Others were financial constraints, political interference and management changes being the least challenge. The research also established that lack of goodwill from top management, social cultural and religious beliefs hindered to some extent strategy implementation. Other hindrances cited by the respondents were; lack of incentives or rewards for executing the plan, poor communication about execution of strategy among multiple levels in the organization, managers failure to put emphasis and priority on strategy, failure to measure progress of strategy implementation and people not being held accountable for strategy execution.

5.3 RECOMMENDATIONS

Kenya Ports Authority management should come up with a modern organization structure that facilitates easy movement of information within the organization, empowers managers to make decisions faster, allows faster response to any crisis and focuses on efficient and effective service delivery. The above can be easily achieved because most of the processes and procedures have been automated and the management can tap into the advantages of modern information (IT) systems.

The management of Kenya ports authority has been very aggressive in the implementation of its IT strategy, with most of the processes having been automated thus making service delivery efficient. According to the Kenya ports
authority 25 year master plan one area that is still remaining is the implementation of the community based system which includes other players in the industry. the management of Kenya ports authority should now lobby the government and other stakeholders to ensure that the community based system becomes a reality and also embark on the final journey of becoming an e-port as envisaged in its master plan.

The management of Kenya Ports Authority should aggressively market its services in the region to build on its other advantages like its strategic location and the natural harbour which few other ports enjoy. The management cannot continue to rely on the fact that it serves many land locked countries, which may be suffering as a result of the poor services and may seek cheaper and more efficient service providers in future.

To successfully change the culture of the organization, the management should adopt a continuous approach rather than waiting until they have a situation that requires changes to be made. Staff should be continuously sensitized for the need to change for the better, this will reduce any resistance to changes brought by management.

To ensure successful implementation of strategies Kenya Ports Authority should involve those who plan and those who implement together in the formulation process. This will increase the probability of success in execution. During
execution, there should be ownership at all levels of management. From top management to lower management people must commit to and own the processes and actions central to effective execution. Ownership of execution and the change processes vital to execution are necessary for success. Change is impossible without commitment to the decisions and actions that define strategy execution.
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[www.wikipedia.org](http://www.wikipedia.org)
APPENDIX I

QUESTIONNAIRE

Please answer the following questions. Where applicable mark the relevant box with a tick

SECTION A: RESPONDENTS PROFILE

1. Position held?

Middle Level Management ( )
Top Level Management ( )

2. Number of years of service to Kenya ports authority

SECTION B: CHALLENGES FACING KENYA PORTS AUTHORITY

1. Please indicate the changes that have taken place within the last 10 years in the internal business environment, which have affected Kenya Ports Authority in terms of intensity.

Very low
intense

Very

1 2 3 4
2. What external business environmental challenges have affected the operations of Kenya Ports Authority within the last 10 years, in terms of intensity?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Very low</th>
<th>Very intense</th>
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<td>Technology changes</td>
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<td>Social Cultural changes</td>
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<td>Natural/Geographical</td>
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<td>Political changes</td>
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<td>Legal changes</td>
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<td>Others</td>
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<td>Please specify</td>
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</table>

3. Please indicate the severity of the following competitive forces in the shipping industry

<table>
<thead>
<tr>
<th>Force</th>
<th>Very Low</th>
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<td>Barriers to Entry</td>
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Rivalry in Industry ( ) ( ) ( ) ( )

( )

Threat of Substitutes ( ) ( ) ( ) ( )

( )

Power of Buyers ( ) ( ) ( ) ( )

( )

Power of Suppliers ( ) ( ) ( ) ( )

( )

SECTION C: STRATEGIC RESPONSES

1. Has Kenya ports authority responded to the environmental changes?

   Yes ( ) No ( )

2. If yes, please indicate the strategic responses made by Kenya Ports Authority

   Marketing ( ) Information Technology ( ) Restructuring ( ) Organization culture ( )

   Other(s) specify

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

a) Restructuring

i) Has there been corporate restructuring at Kenya ports authority in the last 5 years?

   Yes ( ) No ( )
ii) What were the objectives of the restructuring process?
   a) to streamline operations ( )
   b) to cut down costs ( )
   c) to improve operating efficiency ( )
   d) to focus more on customers needs ( )

iii) Please indicate the challenges that were faced by Kenya ports authority during the restructuring
   a) Financial constraints ( )
   b) Political interference ( )
   c) Resistance from staff ( )

iv) To what extent have the objectives of restructuring been met at Kenya Ports Authority?

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vi) What is the current status of the Restructuring strategy by Kenya ports authority to its changing competitive situation?

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<th>Very successful</th>
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<th>Successful</th>
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</table>
b) **Marketing**

i) Have there been changes in marketing strategy at Kenya ports authority in the last 5 years?

   Yes ( )  No ( )

ii) What were the objectives of the marketing strategy changes

   a) To create awareness of our services in the region ( )
   b) To increase our market share ( )
   c) To increase competitiveness ( )
   d) To retain existing customers ( )

iv) Please indicate the challenges faced by Kenya ports authority while making these changes

   a) Financial constraints ( )
   b) Inadequate information about the market ( )
   c) Lack of flexibility in utilizing various marketing strategies ( )

v) To what extent have the objectives of marketing strategy changes been met?

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</table>

vi) What is the current status of the marketing strategy by Kenya ports authority to its changing competitive situation?
Very successful  moderately successful  Successful

Unsuccessful

(  )  (  )  (  )

(  )

c) Information Technology (IT) systems

i) Have there been changes in IT systems at Kenya ports authority in the last 5 years?

Yes (  )  No (  )

ii) What were the objectives of the IT systems changes?

e) To automate operations (  )
f) To improve competitiveness (  )
g) To improve customer service delivery (  )
h) To modernize port operations in line with current developments (  )
i) Enhance communication both internally and with external parties (  )

iv) Please indicate the challenges faced by Kenya ports authority while making these changes

a) Escalation of costs (  )
b) Delays by other stakeholders (  )
c) Inadequate skills by employees (  )
d) Staff resistance (  )
e) Delays in procurement processes (  )
v) To what extent have the objectives of these IT system changes been met?

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vi) What is the current status of the IT systems strategy by Kenya ports authority to its changing competitive situation?

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**d) Organisation Culture Change**

i) Have there been changes to the organization culture of Kenya ports authority?

Yes ( ) No ( )

ii) What were the objectives of these cultural changes?

a) To improve responsiveness to customer needs ( )
b) To facilitate change process ( )
c) To improve working relations ( )
d) To increase competitiveness ( )
e) Create awareness ( )

iv) Please indicate the challenges faced by Kenya ports authority while making these changes
a) Resistance from staff ( )
b) Lack of political goodwill from top management ( )
b) Lack of follow-up on progress made ( )
c) Social cultural beliefs ( )
d) Religious beliefs ( )

v) To what extent have the objectives of the organization culture change been met?

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v) What is the current status of the organization culture change by Kenya ports authority to its changing competitive situation?

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<th>Very successful</th>
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<th>Successful</th>
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e) Other Responses

i) Please state any other strategic responses that Kenya ports authority has made as a result of the changing competitive situation facing the port -------------------------------
iii) Please indicate the challenges faced by Kenya ports authority while developing and/or implementing such responses 

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iv) To what extent have the objectives of these responses been met?

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v) What is the current status of these responses by Kenya ports authority to its changing competitive situation?

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f) **Strategy formulation and implementation**

i) At what level of management are strategic responses formulated?

Junior Level Management (  ) Middle Level Management (  ) Top Level Management (  )

ii) How can you describe the process of strategy formulation and implementation?
iv) Does the management of Kenya ports authority refer to the master plan (2004-2029) when planning to formulate its strategies?

Always ( ) occasionally ( ) rarely ( ) Never ( ) Do not know ( )

v) Does the internal processes, capabilities, resources and activities support the implementation of strategies?

Strongly disagree ( ) disagree ( ) agree ( ) strongly agree ( )

iii) What are the main challenges that Kenya ports authority faces in its strategy formulation?

a) inadequate information ( )

b) time taken in formulation of strategies ( )

c) fast changing trends in the market ( )

d) legal requirements ( )

e) management changes ( )

f) Other ........................................................................................................................................

........................................................................................................................................
iv) What are the main challenges that Kenya ports authority face in its implementation of strategies?

a) financial constraints ( )

b) political interference ( )

c) resistance from staff ( )

d) management changes ( )

e) Other

SECTION D: STRATEGIC FIT

1. Do you consider the ports strategic responses to competition adequate?

   Yes ( )      No ( )

   If no, what other strategy should Kenya ports authority pursue to stay competitive?

   -----------------------------------------------------------------------------------------------------------------------------------

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2. In your assessment, does Kenya ports authority currently possess the necessary capability to aggressively match the external environmental changes?

   Yes ( )      No ( )

   If no, please indicate the possible means by which Kenya ports authority can acquire these capabilities

   -----------------------------------------------------------------------------------------------------------------------------------
QUESTIONNAIRE

TO WHOM IT MAY CONCERN

I am a student at Kenyatta University pursuing an MBA Course. As part of the course requirements, I am expected to carry out a research on the topic of my choice which is; "Strategic responses to competition" a case of Kenya Ports authority.

The purpose of this short letter is to kindly request for your assistance and cooperation in responding to the attached questionnaire. You are further informed that any information given will be treated with utmost confidentiality and will be used only for the purpose of this study.

Looking forward to your response and cooperation.

Yours faithfully,

Meshack Kimutai Keter

Cell phone 0722629161
MPE/2I1/20

26th June 2008

Ms. Meshack Keter
C/No.560242, Grade HM.3
Thro’ The Manager Financial Accounting
MOMBASA.

RE: PROJECT RESEARCH
MR. MESHACK KETER CHECK NO. 560242
==============================================

This has reference to your letter dated 24th June 2008 in respect of the above-mentioned subject.

I have the pleasure to inform you that approval has been granted for you to carry out research with the Authority for the period from 30th June to 17th July 2008.

Please see the attached programme for your attachment research within the Authority.

L. Shako
SENIOR PERSONNEL OFFICER (T)
FOR: HUMAN RESOURCE AND ADMN. MANAGER
1. The Head of Legal Services
2. The Terminals Engineer
3. The Assistant Harbour Master
4. The Chief Medical Officer
5. The Terminal Manager
6. The Manager Conventional Cargo
7. The Chief Internal Auditor
8. The Personnel Manager
9. The Port Facility Security Officer
10. The Procurement & Supplies Manager
11. The Manager Health, Safety & Environment
12. The Manager Information Technology
13. The Manager Management Accounting
14. The Manager Financial Accounting
15. The Chief Marine Engineer
16. The Manager Corporate Development
17. The Employee Relations Manager
18. The Chief Civil Engineer
19. The Principal Bandari College
20. The Principal Administration Officer
21. The Principal Operations Consultant
22. The Principal Electrical Engineer
23. The Principal Mechanical Engineer
24. The Principal Telecommunications Engineer
25. The Public Relations Manager
26. The Pension Administrator
27. The Commercial Manager

MOMBASA

RE: PROJECT RESEARCH
MR. MESHACK KETER CHECK NO. 560242

For information and necessary action, regarding the attachment for Mr. Keter who is a student at the Kenyatta University Mombasa Polytechnic University college carrying out a project research.

Kindly assist him to get the necessary experience/exposure.

L. Shako
SENIOR PERSONNEL OFFICER (T)
FOR: HUMAN RESOURCE AND ADMN. MANAGER