

**RESPONSES BY GOVERNMENT-OWNED TECHNICAL TRAINING
INSTITUTIONS TO INCREASED COMPETITION: A CASE OF
TECHNICAL TRAINING INSTITUTIONS IN NAIROBI.**

By

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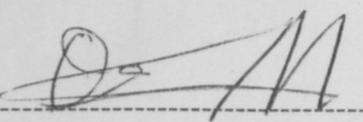
DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

Signed  Date 27th September, 2005

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This research project has been submitted for examination with my approval as University supervisor.

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DEDICATION

I would wish to dedicate this research project to my dear parents for their moral and financial support that has seen me successfully complete the MBA programme.

I also dedicate this research project to my loving fiancée, Lilian, for standing by me during the entire duration of the programme.

Thank you all.

To my supervisor, DR. Martin Ogutu, for all your time and efforts to ensure that the research project is complete and meets the acceptable standards. Thanks a lot.

To my fiancée Lilian, for your support with love and concern. I have no words to express how grateful I am.

To all my colleagues in the MBA programme for your encouragement.

To the many others that I may not have mentioned here and in one way or the other assisted me in this research project. I thank you all.

God Bless You All.

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Much gratitude goes to the Almighty Father for having seen me through the entire period of study.

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To my supervisor, DR. Martin Ogutu, for all your time and efforts to ensure that the research project is complete and meets the acceptable standards. Thanks a lot.

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ABSTRACT

The study sought to find out the challenges and subsequent responses Government-owned Technical Training Institutions in Nairobi have faced and adopted in the face of increased competition. Technical Training Institutions equip the trainees with specialized technical business skills, sound knowledge as well as positive attitudes necessary for full participation in the labour market. Notably, in this regard, the Technical Training Institutions in Kenya have been very active players in the technical training field. Since 1990s there has been an influx of training institutions most of which privately owned. Apparently competition has increased as a result. Being government-owned, these Institutions' flexibility and speed of response to increased competition from other Institutions has been put to test.

This study followed two objectives: First, to establish what government-owned Technical Training Institutions in Nairobi consider as their greatest challenges from increased competition. Secondly, to determine how they have responded to the challenges.

Study was conducted through a structured and open-ended questionnaire and data was analysed using descriptive statistics by use of mean scores, percentages and content analysis. The findings revealed that these institutions have faced challenges relating to competition for students, Pressure on physical facilities, high maintainence costs and staff turnovers. Subsequently these institutions have responded both from a strategic and tactical point of view. Adjustments have been made on the organization structure, culture and leadership. There has been a concerted effort to engage in income generating activities to source more funds to support the strategies adopted. Elements of the marketing mix such as product, price, promotion, staff competence, process management and probe have been adjusted as a result of increased competition.

To improve on their response the government should avail more funds and delegate the management to adopt the necessary measures without delay. These institutions flexibility to respond is crucial for their survival.

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

The external environment forms a part of systems that enter into a relationship with any institution, the institution itself being a system on its own. The key concern of every institution is its continued existence over time. Such continuous existence of institutions is not automatically guaranteed. These institutions have to justify their continued existence in society by their activities (Aosa, 1998).

Beckman, Kurtz and Boone, (1986) observe that the environment in which institutions operate is composed of political, social, competitive, legal, economic and technological factors. According to Ansoff, (1987) the environment is changing rapidly making it imperative for institutions to continually adapt their activities in order to succeed. Major escalation of environmental turbulence means a change from a familiar world of marketing, production or service delivery to an unfamiliar world of new technologies, new competitors, new customer attitudes, new dimensions of social control and above all, the questioning of the institution's role in society (Ansoff and McDonnell, 1990).

An institution's interaction with such environmental factors is therefore important for its survival. Institutions/Organizations are environment dependent (Ansoff and McDonnell, 1990). They do not operate in a vacuum. Hofer and Schendel (1978) observed that for institutions to be effective and hence successful, they should respond appropriately to changes that occur in their respective environments.

Strategy is the match between an organization's resources and skills, the environmental opportunities and risks it faces, and the purposes it wishes to accomplish (Schendel and Hofer, 1978). The environment is changing rapidly thereby requiring an organization to constantly adapt its activities to address the

new requirements of the environment. With a strategy in place the institution can ensure that the operational decisions fit in with the long-term interests of the institution. Without a strategy, operational decisions could have a negative impact on the long-term objectives of the institution (Bruce and Langdon, 2000).

Consequently, Institutions need strategies to focus on their customers and most importantly counter emerging challenges from increased competition. This calls for the institutions/organizations to constantly scan the environment so as to identify the trends and conditions that may eventually affect the industry and adapt to them (Thompson and Strickland, 1993). Failure to do this, will lead to a strategic problem, which is characterized by the mal-adjustment of the institution's output and the demands of the external environment (Ansoff, 1984).

Competition has become a major threat to the survival of any firm in any industry. This ultimately means that firms must respond to competition at all times to guarantee their continued existence. A competitive response is therefore necessary to counter the effects of competitors' actions.

An organization's response could either be strategic or tactical. A strategic response is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve an institution's objectives. It is thus a reaction to what is happening in the environment of the institution/organization (Pearce and Robinson, 1991). Strategic response affects the long-term direction of an organization, requires large amounts of resources and is difficult to reverse. The introduction of an innovative product to a market exemplifies a strategic response.

A tactical response is taken to fine-tune a strategy: it involves fewer and more general organizational resources and is relatively easy to implement and reverse. It is short term in nature and involves the day-to-day running of the institution in the immediate future. Porter, (1980) points out that it is the management of daily activities in accordance with strategic and tactical plans. The announcement of a

price increase in a price-sensitive market such as the airline industry could have immediate effects on competition. This is often true in low-cost goods and service markets due to relatively little differentiation in the services provided.

The competitive environment as defined by (Beckman et al, 1986) is the " interactive process that occurs in the market place as competitive organizations seek to satisfy markets". It is important to note that decisions made by a single firm do not have much influence on consumer responses as those that are made by many firms.

Over time, the Kenyan education sector has faced drastic challenges especially since 1990's. This was as a result of some on-going economic and political reforms (World Bank Report, 1994). Very few institutions had anticipated such reforms and as a result there was extreme competition and emergence of issues that these institutions were initially not exposed to. These changes brought about privatization and commercialization of the public sector, increased competition, liberalization of the economy and accelerated implementation of reforms by the government as well as rapid technological advancement. In the Technical Training Institutions sector there has been an influx of private-owned colleges that have been offering the same courses offered by the public-owned technical training institutions. Subsequently, these privately owned institutions have threatened the very survival of these government-owned institutions in Kenya.

As Aosa, (1998) observes, institutions in any industry have to adapt their activities and internal configurations to reflect the new realities. Failure to do this may jeopardize an institution's future success. These public-owned Technical Training Institutions in Nairobi have had to respond to increased competition in order to guarantee their continued relevance and existence in the industry.

1.2 TECHNICAL TRAINING INSTITUTIONS IN KENYA

According to Gakungu, a Senior Assistant Director of Education (Technical Training), there are four major categories within the Ministry that are mandated to offer Certificate, Diploma and/or Higher National Diploma courses. These categories are:

National Polytechnics, which include Kenya Polytechnic, Mombasa Polytechnic, Kisumu Polytechnic, and Eldoret Polytechnic. These institutions were established with a mandate to offer mainly certificate, Diploma and Higher National Diploma courses in Kenya.

Technical Teacher Training Colleges, which include Kenya Technical Teacher Training College, which was established in 1978 under the support of the British government. Its mandate is to offer technical skills to teachers only at Certificate, Diploma and Higher National Diploma level.

Institutes of Science and Technology: these are 15 (fifteen) in number for instance, Kimathi, Kirinyaga, Siaya, Moi, Mathenge, Kiambu Institutes of Science and Technology to mention but a few. These institutions were established through community initiatives entrusted to a board of trustees on behalf of the community. These institutions offer certificate and Diploma courses.

Technical Training Institutions: these are 19 (nineteen) in number. These were all former Technical Secondary Schools and in 1986 they were converted to Technical Training Institutions after the introduction of the 8:4:4: system of Education in Kenya. These institutions are mandated to offer Certificate and Diploma courses.

The legal status of the above institutions is that they are registered as Educational Institutions under the Education Act of the Republic of Kenya. They are entitled to government support in terms of employment and payment of teachers and grants to support the fees collected from the students for development purposes.

Technical Training Institutions' official rationale for conversion by the government in 1986 was basically for these Technical Training Institutions to intensify and diversify their training programmes both in curricular scope and variety. The envisaged curriculum was to equip the trainees with specialized technical business skills, sound knowledge as well as positive attitudes necessary for full participation in the labour market. In addition to this, more training opportunities were to be created to cope with the growing demand from increasing number of school leavers in the country. Notably, in this regard, the Technical Training Institutions in Kenya have been very active players in the technical training field. Most of the students who have gone through these institutions are either in the formal or informal sectors engaged in salaried wages/self employment.

On the other hand, we have what is known in the Education Act as Unaided Schools. These are the privately owned institutions that offer direct competition to these government owned institutions. According to the records of registration held at the Ministry of Education these institutions are approximately 1,400 in number and about 800 of them within Nairobi. These Institutions have been mandated to offer Certificate, Diploma and Higher National Diploma courses.

This research study will focus on Technical Training Institutions as one of the four categories mentioned earlier primarily for two reasons: first, they are more in number among the categories listed above; secondly, most of them are older in terms of their dates of establishment. Being government-owned, these Institutions' flexibility and speed of response to increased competition from other Institutions especially those in the private sector is suspect. The study will involve all the public-owned Technical Training Institutes based in Nairobi, which include: Kabete Technical Training Institute, Nairobi Technical Training Institute and Kinyanjui Technical Training Institute.

Training Institutions must adapt themselves through strategies that will address the Kabete Technical Training institute is the largest among the nineteen (19) government owned technical training institutions and the oldest in terms of the date of establishment. It was started as a Native Industrial Training Depot in 1924. Over the years a lot changed and in 1985, it was converted into a Technical Training Institute at the advent of the current 8:4:4 system of Education. The Institute now offers Diploma and Certificate courses. The Institute also offers Part-Time courses in Business, Technical and Science during the college vacation and in the evenings.

The current Nairobi Technical Training Institute derives its history as far back as the year 1950 when it was established as a model school catering predominantly for the Asian community who were residents in the neighborhood. Although a secondary school then, its curriculum had bias towards inculcation of vocational skills, which encompassed Mechanical Engineering, carpentry and Joinery. Over time, the school was transformed into a Technical High School and in 1986 it changed its status to Nairobi Technical Training Institute.

Kinyanjui Technical Training Institute was established in 1979 as a Technical secondary school. The overall objective of the institution then was to prepare both boys and girls of this country for further education or direct entry into the world of work. However, with the passage of time, in 1986, when the government changed the legal mandate of all technical secondary schools the institute became what it is now known today as Kinyanjui Technical Training Institute.

1.3 PROBLEM STATEMENT

Technical Training Institutions like all other organizations are environment serving (Ansoff and Sullivan, 1993). They depend on the external environment for their survival. They face a social, economic, technological, competitive and political climate in which change is the only constant. For many of such institutions, their inability to react appropriately to changing external circumstances has threatened their very existence. Therefore to remain relevant, these Public-owned Technical

Training Institutions must adapt themselves through strategies that will address the environmental challenges adequately.

Fundamental changes have been observed not only in Kenya alone but worldwide that have impacted on every industry in existence. The competitive environment and situation in Kenya changed considerably in the 1990's with the onset of liberalization. The impact did not spare the country's education sector. Political and economic reforms by the government brought about intense competition in almost all the industries in existence. With most of these institutions having been established way back during the colonial days, it came a time when most if not all of them had to redefine their own strategies to match this intensified competition. Such dynamism therefore requires institutions to respond in order to ensure survival and success.

There has been an influx of privately owned institutions which has ultimately increased competition for most school leavers most of which fail to qualify for university education. It is in the light of such arguments that this study attempts to determine the challenges and subsequent responses of Technical Training Institutions to the increased competition.

Related studies on how institutions in various sectors of the economy have responded to environmental challenges have been carried out. These are in the: Dairy industry (Bett, 1995); Motor industry (Kombo, 1997); Oil industry (Chepkwony, 2001); Aviation industry (Thiga, 2002); Evangelical churches in Nairobi (Muturi, 2003) among a series of many others. These studies did observe that organizations/institutions must respond to environmental changes for them to survive. No study to the researcher's knowledge has been done on the Public-owned Technical Training Institutes. The researcher intends to fill this gap.

1.4 OBJECTIVES OF THE STUDY

The main purpose of this study is therefore:

- a) To establish what government-owned Technical Training Institutions in Nairobi consider as their greatest challenges from increased competition.

- b) To determine how Technical Training Institutions in Nairobi have responded to the challenges of increased competition.

1.5 SIGNIFICANCE OF THE STUDY

The study will most significantly provide insight to the government concerning the impact its reforms has had on Technical Training Institutes and in so doing proof beneficial in coming up with counter measures that may keep these institutions going.

To the other sister institutes, the study will provide them with some deeper information on the various challenges in place and possibly with such information they will better be in a position to refine their responses.

For those in the academic field and non-academics as well, the study will provide room for further research in this area and related areas. At the same time it will contribute to the existing literature especially in the field of strategic management.

CHAPTER 2

LITERATURE REVIEW

2.1 THE EXTERNAL ENVIRONMENT AND THE ORGANIZATION.

Pearce and Robinson (1991) do observe that changes in the external environment have an impact on organizations. The external environment can be described as all conditions that affect a firm's strategic options and/or tactical options, which a firm has little control over. The external environment factors influence an organization's choice of direction and action and constitute the external environment, which is categorized as the remote, industry and operating environment. Forces in place in the external environment are dynamic and include economic, political, technological, competitive and social factors (Kotler and Armstrong, 1990).

Chandler (1962), Andrew (1971), Daft (1986) and Porter (1991) observed that organizations are environment dependent and changes in the external environment shape the opportunities and challenges facing the firm. An understanding of the environment enables a firm to define its objectives and to develop new strategies that are best suited to cope with change. Change is inevitable in any organization. Organizations look to the external environment for resource inputs that upon transformation into outputs are once again absorbed back by the environment.

As the environment changes significantly, this creates pressure for change within the affected organizations. These organizations must adapt their internal operations to reflect the new external realities (Ansoff, 1965). Porter, (1985) on the same line argues that firms that do not adapt to keep pace with the changing environment are likely to suffer and become irrelevant. The external environment of organizations has been described as turbulent over time changing constantly and in a disc

Environments change, new organizations enter and exit, and the supply of resources become more or less scarce. When environments change, firms face the prospect either of not surviving or of changing their activities in response to these environments. To survive and become effective, firms must be capable of making adaptations to the changing situations (Porter 1980). Porter (1991) further argues that the environment shapes how activities are configured uniquely and what commitments can be made successfully. The environment is important in providing initial insight that underpins competitive advantage, the inputs needed to act on it, an accumulated knowledge and skills over time and the forces needed to keep progressing.

Management must be aware of the environmental forces and changes and must manage the organization's resources to take advantage of opportunities and counter threats. Thomson, (1997) states that if an organization is to control its continued survival, it must seek to control the forces, which provide the opportunities for growth and change and those that pose threats and demand response.

Dess and Origer (1980) did observe that organizations must look beyond their immediate operating environment in order to thrive and compete favorably. Aquilar (1967), also observes that management must shift their environmental scanning from the immediate areas in which the firms compete to the industry as a whole. Porter (1980) did agree pointing out that the essence of formulating a competitive strategy is about relating the company to its environment. He further observed that industry characteristics strongly influence the alignment options available to the firm. Child (1972), Dess and Beard (1984), independently made three proposals on industry and environmental interactions. They do argue that resources from the environment support organizational growth. They also agree to the unpredictable nature of the changes in the environment as well as the heterogeneity and the wide range of environmental activities.

Aldrich and Mindlin (1978), on their part see the environment as a source of resources and information for the organization. According to Andrews (1971), information and resource reservoirs is the starting point in strategy formulation.

Trist and Emery (1965), in their study "The Texture of Organizational Environments" did identify four casual textures:

- (a) A placid, stable, unchanging, and randomized environment in which strategy should be to perform at top standards.
- (b) A placid, clustered environment, in which strategy should be based on location to gain access to concentrated resources.
- (c) A disturbed environment in which competitive power is a key focus of strategy.
- (d) A turbulent environment, which requires a dynamic strategy that includes constant monitoring of opportunities and threats and developing appropriate response.

2.2 THE CONCEPT OF STRATEGY AND STRATEGIC MANAGEMENT

Johnson and Scholes, (1999) defines Strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization/institution through the configuration of its resources within a changing environment to meet the needs of the market and fulfill the stakeholder's expectations. Given that the institution's environment is always changing, to enhance its competitive advantage the institution must reconfigure its resources to match the changes. The changes could be mild or turbulent but must be matched accordingly by an appropriate strategy. Failure to do this will ultimately result in market needs not being met by the organization's/institution's activities and resources.

Porter (1980) sees strategy as being all about competition and trying to gain competitive advantage. He further observes that strategy involves creating a fit among a company's activities. The success of a strategy depends on doing many

things well - not just a few- and integrating them. With no distinct strategy, there is an absence of a fit among activities, and little sustainability. The institution's activities include its effective interaction with the environment in that these activities are geared to serving the external environment. (1991) observe that strategy is really

According to Ansoff and McDonnell (1990), strategy aligns the organization with its external environment. Strategy seeks to bridge the gap between current positions of the organization to its future intended direction. They continue to define strategic management as a process through which a firm manages its relationship with the environment in which it operates. Strategic management consists of strategic planning, capability planning, and management of change. It is therefore a continuity activity that enables the organization plan for the exploitation of opportunities using its internal strengths while minimizing the impact of threats posed by the environment in the light of the organization's weakness.

According to Hax and Majiluf (1996), strategic management is a way of conducting a firm. It has the ultimate objective of the development of corporate values, managerial capabilities, responsibilities and administrative systems that link strategic and operational decision-making at all levels of the organization.

Strategy can be viewed as building defenses against competitive forces or as finding positions in the industry, where forces are weakest, Pearce and Robinson (1999). Strategy can also be viewed as a pattern of actions and resource allocations designed to achieve the goals of the organization (Batemand and Zeithaml, 1990).

Aosa (1998) observes that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. This involves a mismatch between the internal characteristics of an organization and its external environment. Strategy therefore creates a viable match between the external environment and an organization's internal capabilities (Jauch and Glueck, 1998). Here, they observe three types of competition;

Burnes (1998) observed that the unstable and unpredictable conditions in which institutions have to operate today means that the ability to think strategically and to manage strategic change successfully is a key competitive strength for a competitive advantage. Consequently, Mintzberg and Quinn (1991) observe that strategy is really about continuity not change. But they also noted that to manage strategy is frequently to manage change- to recognize when a shift of a strategic nature is possible, desirable, necessary and then to act.

Ansoff (1999) conceptualized the effects of environmental changes on the firm's strategy and capability. He continues to state that for a given environment, an organization must come up with a suitable strategy. He argued that there have to be a fit between the existing strategy and the prevailing environment for the organization to remain successful.

Strategy is therefore a tool, which offers significant help in coping with the turbulence confronted by business firms (Ansoff and McDonnell, 1990). It merits serious attention as a management tool not only from the firm but also from the broad spectrum of social organizations.

2.3 IMPACT OF COMPETITION ON ORGANIZATIONS

Institutions do not exist in a vacuum but rather in an environment, which influences their decision-making. This means an organization has to take into account environmental factors which include the competitive, legal, economic, political and social environments, which can influence the market size and opportunity of the organization (Beckman, Kurtz and Boone, 1986). Some of the environmental factors include:

The competitive environment; which according to Beckman et.al (1986) is the interactive process that occurs in the market place as competitive firms seek to satisfy markets. Here, they observe three types of competition;

- (a) Direct competition between marketers of similar products/services, for instance between those firms that market similar models of a product or service.
- (b) Competition between firms that market products which can be substitutes of one another.
- (c) Competition involving all firms that competes for the consumers' disposable income.

The social, political and legal environments that include the laws and their interpretations to be followed by firms, which operate under competitive conditions. These primarily protect the rights of consumers among other things (Beckman, Kurtz and Boone, 1986).

The economic environment that includes all the economic variables that affect the objectives of any firm.

Since marketing activities are primarily aimed at satisfying consumer needs, it is important for firms to lay more emphasis in observing and incorporating any changes in consumer behavior and competition. Firms compete in their endeavor to satisfy consumer demands and is important that they do so more than their competitors. The impact of competitors is attributed to the fact that marketing decisions that are made by a single firm do not have much influence on consumer responses in the market as those made by many firms.

Firms must adapt their new strategies to new environments. Pearce and Robinson (1991) did observe that as firms fight for market share, competition is not manifested only in other players, rather competition in an industry is rooted in its underlying economics and competitive forces that go well beyond the established combatants in a particular industry. In this light therefore, customers, suppliers, potential entrants and substitute products are all competitors that may be more or less prominent or active depending on the industry. Whatever their collective

strengths are, the managements' goal is to find a position in the industry where the firm can best defend itself against these forces or can influence them in its favour.

2.4 ORGANIZATIONAL RESPONSES TO ENVIRONMENTAL CHANGES

Strategic Options

Porter (1998) reformulated three generic competitive strategies, which must be taken into account when organizations change their strategy. Such strategic response reflects an organization's competitive position in the industry. Most often, within a turbulent environment, a firm may have to change its position and this involves a change in its strategies as well. As Porter denotes, a competitive position could be build around three variables:

Cost leadership where a firm strives to become the most efficient producer in the market hence being in a position to charge the lowest prices. This can be achieved through installation of new and efficient plant and machinery, aggressive sourcing of inputs from less expensive suppliers, an elaborate quality assurance process to reduce costs of consumer service delays and cost of errors. Such efficiencies enable the firm to respond to price cut in case of price sensitive customers or as a result of an onslaught in competition.

The other variable is Differentiation that can be achieved through creating the perception of uniqueness about a product or service. For instance, this can be through a special design and creation of innovative features in a product or a service. Aggressive marketing campaigns build on differentiation as they emphasis on a strong brand identification and customer loyalty.

The third variable is Focus, which basically entails identifying a particular customer segment, geographical market and coming up with products or services suitable for that segment. Upon a firm's identification of the segment, it can either pursue a cost or differentiation strategy. This could again be within a narrow or a broad scope.

Michael Porter further argues that in order to cement a particular position a firm has settled on, the value chain activities need to be transformed. These value chain activities include primary business activities of inbound logistics, operations, outbound logistics, marketing, sales and after sales services. Included too, are the secondary activities of procurement, technological support, human resources management and the firm's infrastructure.

Ansoff (1999) notes that firms must continually adapt their new strategies to new environments. The change in the environment will require new strategies, which in turn demand for a reformed organizational capability. Responses of a strategic nature are more difficult because they require more organizational resources and are time consuming as compared to those responses of tactical nature.

According to Ansoff (1999) the role of general management in a firm's response cannot be overemphasized. He refers to general management as the propensity and the ability of the firm to engage in behaviour that will optimize attainment of an institution's short- and long-term goals. General management is primarily about setting the right climate (will to respond) that is, the mentality and power positions of the managers, which determines the organizational culture; competence (ability to respond), that is, the talents, skills and knowledge of the management, which will determine the organizational structures, systems and shared knowledge; and capacity (volume of response), that is, the personal and organizational capability to accommodate the various management challenges as they may arise from time to time. He continues to argue that these three components are essential if the firm is to implement a strategic response.

According to Pearce and Robinson (1999), a reformed organizational capability touches on:

Hall (1980) undertook a study on how firms in United Kingdom adapted their external environments became turbulent. The

Organizational Structure

An organizational structure comprises a firm's major elements, components, or differentiated units. It shows how key tasks and activities have been divided to achieve efficiency and effectiveness. Matching the structure to the strategy is a fundamental task to management. With the impact of competition being severe and highly dynamic firms have had to adapt their structures to those that will support competitive strategies at all times.

Organizational Leadership

Within the organizational structure, individuals, groups, and units are the mechanisms of organizational responses. Leadership has to be supportive of strategies developed in response to competition.

Organizational Culture

This involves a set of important assumptions (often unstated) that members of an organization share in common. In much the same way as personality influences the behaviour of an individual, the shared assumptions (beliefs and values) among a firm's members opinions and actions within that firm. Whatever the situation managing strategy- culture relationship is sensitive and difficult but at the same time crucial if firms have to survive in a competitive environment.

According to Kotler (1998), marketing is the most significant contributor and plays a critical role in the firm's strategic management process. Marketing is involved in defining the business mission, analyzing the environment, competitive and business situations. More so, marketing functions also involves developing objectives, strategies, defining product, markets and distribution. Marketing prepares quality plans for the implementation of business strategies. It further extends to the development of programs and operating plans that are fully linked with the strategic plan. Since strategic plans are about strategic responses, the components of marketing put forward by Kotler would then form an integral part of a strategic response.

Hall (1980) undertook a study on how large manufacturing corporations in United States were affected when their external environments became turbulent. The "success formulas" which brought prosperity when the environment was stable, were no longer working and were being replaced with strategic choices that were essential for survival in this hostile environment. It follows therefore that with changes in the external environment, firms need to re-direct their attention to re-defining their business as a crucial step to formulation of survival strategies (Muturi, 2003). Institutions must always look beyond competition today and those that may become competitors tomorrow to exploit new markets.

Kanter (1989) observes that competitive pressures have forced firms to adopt new flexible strategies and structures. Among them are Acquisitions and Divestitures that are aimed at ensuring a focused combination of business activities, reductions in management staff and increased use of performance-based rewards.

Pearce and Robinson (1999) do observe that Grand Strategies play a critical role and provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed towards achieving long-term business objectives. Some of the common grand strategies adopted by many firms from the least risky and cheaper to undertake include: Concentrated Growth, Market Development, Product Development, and Innovation.

Tactical Options

Compared to strategic options, tactical options usually have more immediate effects. Not all competitive actions will elicit or require a response from competitors. On the whole, there are more competitive responses to tactical than to strategic actions (Kotler (1998). Kotler continues to state that it is usually easier to respond through tactical actions than strategic actions and more necessary, at least in the short-term.

Tactical options are often day-to-day actions taken to ensure a firm addresses the day-to-day changes in its operating environment. Such decisions must be in line with long-term strategic options in order to ensure their relevance.

Process Management: Involves decisions that are made in regard to procedures.

The elements of the marketing mix play a crucial role in coming up with tactical options. Kotler (1980: 88) define the marketing mix as a set of controllable variables and their levels that the firm uses to influence the target market. This includes: price, product, promotion and place.

Product: Includes decisions made about the product's uses, packaging, design, branding, trademark, warranty, guarantee, product life-cycle and development.

Price: Involves decisions made in regard to setting profitable and justifiable prices through set price levels and terms.

Promotion: Involves decisions that are made in regard to personal selling, advertising, and sales promotion tools. These promotion elements need to be blend together to ensure a firm is able to communicate effectively with the market.

Place/Distribution: Involves decisions that relate to physical distribution of goods or services together with the selection and management of marketing channels.

A group of marketers including Cowell (1984) did assert that the 4P's are not enough. They argued that the original marketing mix was developed for application in the manufacturing firms and that the traditional elements of the marketing mix are insufficiently comprehensive for service marketing. The people, physical evidence process management and the probe elements have been included in the mix. Lazer and Culley (1983) pointed out that marketers should perceive what they offer as a bundle of satisfaction and not that what they offer is tangible or intangible or whether what they offer is purely services or products.

People: Involves the personnel of a firm. Without the right quality and quantity of employees who have the correct philosophy in their minds, then the firm's objectives may not be effectively and efficiently realized.

Physical Facilities: Include decisions made in regard to the buildings, the vicinity, the furnishings, the painting, the cleanliness and the surroundings of the firm. Public image is made based on the quality of these facilities.

Process Management: Involves decisions that are made in regard to procedures, mechanisms and flow of activities by which the service is delivered.

Probe: Includes all activities directed to the unearthing of relevant and or crucial information on various marketing aspects such as the competitor's marketing mix or the characteristics of the target market. With increased competition, and the high dynamism in the business environment, the importance of probe cannot be overemphasized.

2.5 PREVIOUS RELATED STUDIES IN VARIOUS INDUSTRIES

Bett (1995) found out that firms in the dairy industry in response to competition made adjustments in their marketing mix variables of product, promotion, place and price. Competitive pricing and discounts, product quality and branding and changes in product range differentiation were important to enhance customers' perceived value.

Kombo (1997) while undertaking a study in the Kenyan motor industry observed that due to the economic reforms that were in place, firms operating herewith made substantial adjustments in their strategic variables in order to survive in the competitive environment. The firms differentiated their products, segmented and targeted their customers, introduced new technologies of product development and customer service was improved. The marketing mix strategy variables of promotion, price and place were also adjusted in response to competition.

Njau (2000) observed that EABL in response to threats posed by increased competition due to market liberalization undertook substantial adjustments in various strategic variables to fight off competition. Changes in product, promotion, cost, market research, and competitor analysis and intelligence strategies were adopted. There was a concerted effort in cost and efficiency measures use of state-

of-the-art equipment and technology and also in product differentiation through the introduction of strong brands and unique brand features.

Chepkwony (2001) observed that firms in the Oil industry laid more emphasis on strategic planning. They formed strategic alliances and engaged in mergers to reduce costs and enhance competitiveness. In order to improve product quality most firms adjusted their product strategies. Greater emphasis was also placed on research and development by most firms in order to establish customer needs and keep abreast of competitor activities.

Thiga (2002) similarly found out that firms in the Aviation Industry formed alliances and partnerships so as to globalize their routes and earn a competitive edge. All the airlines surveyed had adapted strategies that helped them cope with the changed environmental conditions.

Muturi (2003) observes that various changes have affected evangelical churches in varying degrees over time ranging from economic, technological, social, cultural, political and legal factors. Consequently these churches have responded to these changes by putting in place a strategic plan. Others have gone an extra mile by computerization of their operations, use of media to reach out to many people and most common is the engagement of these churches in income generating activities such as guest houses, catering services, schools among others to generate additional income to support church projects. Other strategic responses adopted by the church are the training and development of their staff particularly pastors, church planting and additional community programs.

Murungi (2003) while studying Kenya Re observed that various challenges including local and international competition, technological changes, overstaffing, bureaucratic processes, poor economic performance among others have affected the firm's operations over time. Subsequently, Kenya Re has responded to counter these

challenges through placing greater emphasis on local and international marketing function, deliberate and focused staff training programmes and retrenchments to rationalize the staff. Investment in real estate as well as technology through computerization and creation of a website was undertaken. Financial investments have also been spread out between short and long term ones.

A descriptive study can be used when the purpose is to describe the characteristics of certain goals, estimate proportion of people who behave in a certain way, and make specific predictions. A descriptive design is therefore justified for this study as it includes an arrangement of research objectives whose purpose is to come up with the challenges facing Government-owned Technical Training Institutions in Nairobi and their responses in the face of increased competition.

3.2 POPULATION OF STUDY

The population of study was the Government-owned Technical Training Institutions in Nairobi. They are three in number. A census study will be conducted.

The total number of the units of study was relatively small. Hence justified the need to use a census study as this ensured the data was collected from all the units in the population which ultimately enhanced confidence in the findings and conclusions made thereof.

3.3 DATA COLLECTION

Data was collected using a semi-structured questionnaire (Appendix II). Section one dealt with bio-data of the Institutions, section two addressed the challenges that have faced the institutions due to increased competition while section three dealt with the ensuing responses undertaken in the face of increased competition.

The researcher using the drop-and-pick-later method administered the questionnaire personally. Follow up was done personally.

In depth personal interviews with the Executive management: Principal, Deputy Principal, Registrar, Deputy Registrar and all the departmental heads were

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

A descriptive research design was used in this study. As Mugenda (1999) points out, a descriptive study can be used when the purpose is to describe the characteristics of certain groups, estimate proportion of people who behave in a certain way, and make specific predictions. A descriptive design is therefore justified for this study as it includes an arrangement of research objectives whose purpose is to come up with the challenges facing Government-owned Technical Training Institutions in Nairobi and their responses in the face of increased competition.

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In depth personal interviews with the Executive management: Principal, Deputy Principal, Registrar, Deputy Registrar and all the departmental heads were

conducted. The various responses adopted as a result of the challenges faced from increased competition originated from the departments and the top management. The top executives in each of the institutions interviewed contributed much over the broad overall responses adopted by the Institutions to the challenges of increased competition.

3.4 DATA ANALYSIS

Data in this study was analyzed using descriptive statistics. This included frequencies, percentages and mean scores to determine the most important environmental challenges that have affected the institutions and also determine the most important strategies that have been adopted by the institutions. Mean scores were calculated to indicate what adjustments were adopted on the strategic and operational variables in response the increased competition. Content analysis was also used to analyze some of the qualitative data collected. This involved the systematic qualitative description of the composition of the objects of study. It entailed observation and detailed description of the objects or items that comprised the study (Mugenda, 1999)

Kabete Technical Training Institute is the largest among the three institutions studied with approximately 1500 students borders and about 100 day scholars at any one sitting. The institute has an establishment of 168 lecturers with 137 teaching staff in post and 31 lecturers on part-time basis. There is also 117 Board of Governors non-teaching staff. The Institution has nine departments.

Nairobi Technical Training Institute follows with about 1000 students, most of which are day scholars and very few among them board. The institute has 103 lecturers and 15 others under the Board of Governors. There is about 70 Board of Governors non-teaching staff. The Institution has nine departments too.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

The objectives of the study were to establish what government-owned Technical Training Institutions in Nairobi consider to be their greatest challenges from increased competition and to determine how these Technical Training Institutions have responded to these challenges. This chapter, which is organized in three sections, presents the research findings and data analysis in form of tables, percentages, frequencies and means scores.

Of the forty respondents targeted to fill the questionnaire, only twenty five responded by filling the questionnaire which was administered through the "drop and pick later" method. This represents 62.5% response rate.

4.1 THE INSTITUTIONS

This section analysis the general information concerning the three Technical Training Institutions studied. Data was collected through open-ended questions where the respondents indicated the general information within their respective departments. Data was analyzed by use of content analysis.

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Nairobi Technical Training Institute follows with about 1000 students, most of which are day scholars and very few among them board. The institute has 103 lecturers and 15 others under the Board of Governors There is about 70 Board of Governors non-teaching staff. The Institution has nine departments too.

As Table 1 shows, 80% of the respondents describe competition in the industry as moderate. Kinyanjui Technical Training Institute has 350 students. The number of teaching staff is 60. The Board of Governors non-teaching staff is 10. The institute has 6 departments in number.

The respondents were then asked to indicate the impact of reduced government funding on the institution. Data was collected through open-ended and structured questions and analysis was done by use of content analysis, percentages and mean scores. The results are presented hereafter.

4.2 CHALLENGES OF INCREASED COMPETITION

This section analysis the challenges within the external environment that have affected the government-owned Technical Training Institutions in Nairobi in the face of increased competition. Data was collected through open-ended and structured questions and analysis was done by use of content analysis, percentages and mean scores. The results are presented hereafter.

Impact	Mean Score	Standard Deviation
The respondents were asked to outline their major competitors through open-ended question and data was analysed by use of content analysis.	3.1	1.22

The respondents indicated Polytechnics, Sister Technical Training Institutions, Institutes of Science and Technology, Public and Private Universities, Public and Private colleges. All these Institutions like the Technical Training Institutions offer certificate, and Diploma courses and are subsequently considered as the major competitors of these government-owned Technical Training Institutions.

The respondents were asked to indicate the nature of competition faced by the institutions by use of a structured question and the results were analysed by use of percentages. The results are presented in Table 1.

Table 1: Perceived nature of competition

Level of competition	Number of Respondents	Percentage
Very Intense	5	20%
Moderate	20	80%
Negligible	0	0%

UNIVERSITY OF NAIROBI
KINYANJUI TECHNICAL TRAINING INSTITUTE

As Table 1 shows, 80% of the respondents describe competition in the industry as moderate, while 20% describe it as very intense. None of the respondents perceive competition as negligible.

The respondents were then asked to indicate the impact of reduced government funding and liberalization of the education sector to the institution. Data was collected by use of a structured question and analysed by use of mean scores where 1= No Impact and 5= A great Impact. The results are presented in Table 2.

Table 2: Mean Score on the Impact of Reduced Government funding and Liberalization of the Education sector.

Impact	Mean Score	Standard Deviation
Reduced Government Funds	4.8	0.78
Liberalization of the Education Sector	3.1	1.22

As Table 2 shows, reduced government funds have a mean score of 4.8. This is interpreted by the researcher as having had the greatest impact on these institutions. Liberalization of the education sector however has a mean score of 3.1 and is interpreted by the researcher to imply a moderate impact on these institutions.

The respondents were then asked to outline the major challenges they face as a result of increased competition. Data was collected by use of a structured question and analysed by use of content analysis. The results are presented here forth.

Admission competition. There are about 1400 private institutions and 50 public institutions ranging from universities, polytechnics, and other training institutions that compete for the same school leavers upon meeting the qualifications needed for the given course on offer at these institutions.

Physical facilities. The institutions that were established early in the 1980's continued to hold machines and other teaching aids that have been rendered outdated over time. These Technical Training Institutions fall victim. Recently established institutions and the institutions with ample funds have acquired facilities that are up to date and this makes them have an edge over these institutions. The newer infrastructure is quite expensive and with the government having substantially reduced its funding, these institutions have little they can do to acquire new and up to date infrastructure.

Maintenance costs. Most of the support facilities in these Technical Training Institutions have been dilapidated over time and need continuous maintenance to match those of which most competitors have put up today. Maintenance is expensive and requires substantial funds. Some of the machines especially those used in teaching the technical courses have been left attended due to lack of funds.

Teaching Staff. There has been a significant staff turnover as institutions compete for teachers especially those who can competently perform in a dynamic environment. Though public institutions attract higher salaries than private institutions through the government, most teachers are picking up classes in private and other public institutions on part-time basis. According to the respondents, this trend is increasing by the day as these lecturers commit most of their valuable time in preparing for these part-time lecturers.

The respondents were then asked to indicate their future plans towards the challenges they consider to have failed to respond to. An open-ended question was posed and analysed by use of content analysis where the respondents proposed that the government should consider supporting them with more funds as some of the machinery initially established require experts to service them. The respondents however do agree that these institutions must continue to engage in other income

generating activities so as to provide funds that will at least cover some of the gaps left by reduced government funding.

To indicate the extent by which Staff Turnover, Student Enrollment, Physical Facilities, New courses taken up and courses dropped have changed as a result of increased competition, a five point Richer scale was used where 1= No changes and 5= Highly changed. Analysis was done through the use of mean scores. The results are presented in Table 3.

Table 3: Mean score on the changes to the challenges posed by increased competition

Challenges	Mean Scores	Standard Deviation
Staff Turnover	3.65	1.12
Student Enrolment	1.95	0.87
Physical Facilities	4.25	0.82
New Courses	3.95	0.93
Courses Dropped	1.65	0.99

As seen from Table 3 above, Physical facilities, new courses introduced and staff turnover have considerably changed as a result of competition with changes in physical facilities having a mean score of 4.25 followed by new courses introduced with a mean score of 3.95. Student enrolment and course dropped have a mean score of 1.95 and 1.65 respectively implying that competition has posed slight changes.

4.3 RESPONSES BY THE INSTITUTIONS

4.3.1 STRATEGIC RESPONSES

To appreciate how the institutions have responded to the challenges resulting from increased competition, data was collected through structured and open-ended questions and analyzed by use of percentages, frequencies, and mean scores. The results are presented hereafter.

To indicate whether the institutions have a vision and mission, the respondents were asked to verify the existence or absence of one by use of a structured question and the analysis was done by use of percentages. The results are presented in Table 4.

Table 4: An Indication of whether the institutions have a vision and mission statement.

Vision and Mission	Frequency	Percentage
Exist	20	80%
Does not exist	5	20%

As Table 4 above shows, it is clear that 80% of the respondents indicate that the institution has a vision and a mission while 20% of the respondents indicate that they do not have one.

Asked whether they consider the vision and mission to have changed as a consequent of increased competition, a structured question was posed to the respondents and the analysis was done by use of percentages. The results are presented in Table 5.

Table 5: Changes in the vision and mission as a consequent of increased competition.

Vision and Mission	Frequency	Percentage
Changed	5	15%
Not changed	15	75%

As Table 5 shows, of the 20 respondents who indicated that the institutions have a Vision and Mission, 15% indicate that it has changed as a result of increased competition while 75% felt that the vision and mission has not changed.

Asked whether the institutions have a strategic plan, a structured question was posed to the respondents and analysis was done by use of percentages. The results follow in Table 6.

Table 6: An Indication of whether the institutions have a strategic plan.

Strategic Plan	Frequency	Percentage
Exists	18	72%
Does not exist	7	28%

From Table 6 above, 72% of the respondents indicate that there exists a strategic plan while 28% of them felt that it does not exist. Of the 18 respondents who indicated that a strategic plan exists, 60% indicated that its reviewed yearly, while 25% indicated that its reviewed after every 2 to 3 years and the other 15% indicated that it is reviewed after every 3-5 years.

To comprehend the current strategic responses of the institutions to increased competition in the industry, specific strategic options were posed to the respondent and were asked to indicate the level of adjustment that these institutions have adopted. Data was collected using a five point Richter scale where 1 meant highest level while 5 was taken to mean the lowest level. Data was then analyzed by use of mean score. The strategic variables were organizational structure, organizational culture, organizational leadership, staffing/recruitment, product development, market development, innovation and divestiture. The researcher perceived the above strategic variables as some of the major options available for a strategist in responding to increased competition. The results of each strategic variable are presented in the following tables.

Table 7: Mean scores of Adjustments in Organization Structure

Adjustments made	No of respondents	Number of respondents	Mean score	Standard Deviation
Introduction of new posts	25	25	4.16	1.43
Reduction of posts	25	25	1.8	0.87

As Table 7 shows, a reduction of reporting posts have a mean score of 1.8 implying that these institutions have emphasized a flatter organizational structure so as they can reduce the time taken to report and take the necessary measures. New posts in the organizational structure have a mean score of 4.16 implying that this option has hardly been opted for unless the purpose of doing so would be to improve the response rate to a given challenge.

Table 8: Mean scores of adjustments in organizational culture.

Adjustments made	No of respondents	Mean score	Std. Deviation
Changes in beliefs and values	25	3.08	1.32
Willingness to do better	25	2.16	1.11

As can be seen from Table 8 above, willingness to do better has a mean score of 2.16 implying that the institutions have adopted a strategy built on improving their performance over time. Changing the beliefs and values has a mean score of 3.08 and the researcher attributes this to the difficulties associated with changing the culture and beliefs upheld by an institution. This takes time to change.

Table 9: Mean scores of adjustments in organizational leadership.

Adjustments made	No of respondents	Mean score	Std. Deviation
Top management commitment	25	1	0.66
Departments heads commitment	25	2.14	0.98

As Table 9 shows, top management commitment has a mean score of 1.0. This is taken by the researcher to imply that above all else, top management has realized the importance of their role in guiding their institutions into the right direction in the face of increased competition. Departmental heads commitments have a mean score of 2.4 implying a moderate adjustment. Departmental heads provide relevant information to management and take up the role of implementing the strategic and operational responses formulated by top management.

Table 10: Mean scores of adjustments in staffing/recruitment.

Adjustments made	No of respondents	Mean score	Std. Deviation
Based on competence	25	2	0.89
Vacancy advertisement.	25	1.2	0.76

As Table 10 shows, vacancy advertisement has a mean of 1.2, clearly implying that their policies on recruitments/staffing are open to everyone who possesses the qualifications needed. Competence based recruitment/staffing has a mean score of 2.0 and this implies that competence within the specified field has been crucial in earning an applicant the given position.

Table 11: Mean score of adjustments in product development.

Adjustments made	No of respondents	Mean score	Std.Deviation
New courses introduced	25	1.8	0.96
New lecturer hired.	25	1.92	0.99

As Table 11 shows, new courses introduced and hiring of new lecturers have a mean score of 1.8 and 1.92 respectively. The researcher interprets this to mean that new courses introduced most often require hiring new lecturers in order to develop the courses introduced to the standard that is demanded by the market.

Table 12: Mean scores of adjustments in market development.

Adjustments made	No of respondents	Mean score	Std. Deviation
New market ventured	25	4.72	1.12
New infrastructure for the new market	25	4.8	1.33

As Table 12 shows, new markets ventured and new infrastructures for new markets have a mean score of 4.72 and 4.8 respectively. The researcher takes this to mean that these institutions have not considered market development as an important strategy to adopt in the face of increased competition.

Table 13: Mean scores of adjustments in innovation

Adjustments made	No of respondents	Mean score	Std. Deviation
First to start new courses	25	4.0	1.34
Use of advanced teaching methods	25	4.8	0.88

As Table 13 shows, first to start new courses and use of advanced teaching methods have a mean score of 4.0 and 4.8 respectively. The researcher takes this to imply

that innovation is not considered a suitable strategy by these institutions as a way of responding to competition. Instead the respondents argue that their institutions follow competition and hence not initiators. Use of advanced teaching facilities such as projectors and overheads has not been adapted, though some competitors have already adapted such facilities.

Table 14: Mean scores of adjustments in divestitures.

Adjustments made	No of respondents	Mean score	Std. Deviation
Courses dropped	25	3.8	1.12
Lecturer dropped	25	3.72	1.33

As Table 14 shows, courses dropped and lecturers dropped have a mean score of 3.8 and 3.72 respectively. This implies that only a few adjustments have been made in terms of courses dropped as well as the lecturers teaching them. Nevertheless, according to the respondents the courses dropped include Medical Laboratory, and automotive engineering courses. Most of the courses initially adopted and taught at the institutions however, are still relevant and marketable even today.

In responding to the question on the generic strategy adopted by the institutions, a structured question was posed to the respondents and analysis done by use of percentages. It was found out that 100% of the respondents pointed out that the generic strategy adopted by these institutions is cost leadership (Offering at the lowest charges possible). They further continued to indicate that their market entails a broad market- the entire Kenyan market as long as the interested applicants meet the required qualifications.

To show the extent of adjustments that these institutions have made to their internal operations as a result of increased competition, data was collected using a five point Richter scale where 1 meant no adjustment had been made while 5 meant that a very high adjustment had been made. The data was then analyzed by use of mean scores. The results are presented hereafter in Table 15.

Table 15: Mean score on the extent of Adjustment that has been adopted in response to increased competition.

Extent of Adjustment made	Mean Score	Std. Deviation
Vision and mission statement	1.2	0.91
Long-term Planning	3.72	1.07
Training and Development of Personnel	2.97	1.51
Selection of qualified staff	3.67	1.13
Starting Income Generating activities	4.01	0.97
Development projects	3.58	1.02

As Table 15 shows, starting of other income generating activities has a mean score of 4.01 implying there has been a great emphasis on income generating activities for these institutions. Long-term planning has a mean score of 3.72, Selection of qualified staff has a mean score of 3.67 and Development projects have a mean score of 3.58. The interpretation of these is that planning is crucial as well as investing in competent lecturers. Long-term planning to guide these institutions into their desired future. These institutions must pre-plan what they intend to achieve and allocate the scarce funds available to support issues on development projects as these are directly related to the market needs to provide quality education with the must-have facilities already in place. Training and development of personnel has a mean score of 2.97 is pegged on availability of funds especially from the government, which organizes workshops, symposiums for the top executives in these institutions and study leaves for their teaching staff. The vision and mission statement has a mean score of 1.2 and this means minor adjustments have been made. These statements however do clearly state that the purpose of these institutions is to offer high quality education at affordable rates to all Kenyans. It therefore justifies its minimal adjustments and leaves the challenge to the institutions in designing the means to achieve this purpose.

4.3.2 TACTICAL RESPONSES

To understand the tactical responses the institutions have adopted as a consequence of increased competition in the industry, specific response options were posed to the respondents and they were required to indicate the level of adjustments that have been undertaken. These changes were ranked on a 5-point Richter scale. A mean score was computed for each strategy with 1 taken to imply the highest level of adjustment and 5 to imply the lowest level.

The operational variables were product, price, promotion, place, people, physical facilities, process management, probe and social responsibility. These were perceived to be the major operational variables that the management had control over and would effectively adjust in response to the increased level of competition in the industry. The analysis and interpretation follows below.

Table 16: Mean score of adjustment in the product variable.

Product Adjustment	No. Of respondents	Means score	Std. Deviation
1. Introduction of new Market-based courses	25	1.2	0.78
2. Improvement in quality of existing courses	25	2.8	0.94
3. Dropping some existing courses	25	3.36	1.13

Table 16 shows how the respondents rated various product adjustment variables. It is clear that introduction of new market based courses is the key to all the institutions. This variable has a mean score of 1.2. The environment is changing and courses relevant to such a dynamic environment have become key for any institution to remain relevant.

Improvement in the quality of existing courses has a mean score of 2.8. The content of these existing courses has been changed, mostly to emphasis on what is relevant to the changing demands of the markets.

These institutions have however dropped some courses. The mean score for this variable was 3.36 taken to mean that though these institutions have adjusted this variable, the adjustment is minimal.

Table 17: Mean score of the adjustments in pricing variable.

Price Adjustment	No. Of respondents	Mean score	Std. Deviation
Low fees changed	25	2.08	0.85
High fees changed	25	4.40	1.23
Credit facilities	25	2.00	0.91

As Table 17 shows, charging lower fees and giving credit facilities have a mean score of 2.08 and 2.0 respectively. These two imply a higher adjustment and are taken by the researcher to mean that the institutions not only offer affordable rates to their services but at terms that are fair to all guardians. The strategy of premium prices is the least emphasized with a mean score of 4.4, and this means that these institutions have not adopted this option.

Table 18: Mean score of adjustment in promotion

Promotion adjustment	No of respondent	Mean score	Std. Deviation
Advertising expenditure	25	1.6	0.78
Use of various advertising media	25	1.68	0.89
Emphasis on an institution's suitability in adverts	25	1.12	0.81

As Table 18 shows, the mean scores, for all the promotion variables lie between 1.12 and 1.68. This indicates that the institutions highly increased the promotion expenditure. The respondents felt that increasing advertising expenditure was

important to create awareness to potential students on the existence of new courses. Highly regarded in the adverts is the emphasis on the competitive advantages such institutions enjoy such as accessibility, boarding facilities at competitive rates among others. Varying advertising media such as radio and newspapers ensure that many people are reached and made aware of the institutions locations, courses on offer and the pricing advantage associated with them.

Table 19: Mean score of adjustment on the distribution

Distribution adjustment	No of respondent	Mean score	Std. Deviation
Opening of branches else where	25	5.0	0.0
Partnership with other institutions elsewhere	25	5.0	0.0

As shown in Table 19, opening of new branches elsewhere and partnership with other institutions has a mean score of 5.0 implying the institutions have not made any changes in the distribution option. Instead they have opted to offer their courses at there original areas of establishment.

Table 20: Mean score of the adjustments in staff.

Staff adjustment	No of respondents	Mean score	Std. Deviation
Selection of qualified staff	25	1.0	0.89
Training and Development	25	2.4	0.94
Retrenchment / rationalizing	25	2.08	0.91

As seen from Table 20, selection of qualified staff has a mean score of 1.0 and this is taken to mean that the variable is highly emphasized. According to the respondents, this has become very crucial since the content and the relevance of

the many courses offered must be checked. Staff rationalization has a mean score of 2.08 while training and development of personnel has a mean score of 2.4. These institutions undertake staff rationalization in order to ensure that only competent staff is maintained.

Table 21: Mean scores of adjustment in physical facilities.

Physical facilities adjustment	No of respondents	Mean score	Std. Deviation
Setting up classes	25	2.2	1.01
Support buildings	25	2.16	0.99
Maintenance of facilities	25	2.4	1.12
Upgrading of facilities	25	2.32	1.10

As Table 21 shows, the support buildings, classes, maintenance and upgrading of the physical facilities have a mean score of 2.2, 2.16, 2.4, and 2.32 respectively.

This means that these institutions have continued to emphasize the existence and maintenance of physical facilities as much as possible. This though expensive is crucial for these institutions survival in the highly competitive environment.

Table 22: Mean score of adjustment in process management

Process management variables	No of respondent	Mean score	Std. Deviation
Service delivery	25	1.72	0.93
Computerization of activities	25	4.16	1.33

As Table 22 shows, service delivery with a mean score of 1.72. The staffs as well as students have to perform and as the respondents point out, there has been a changing culture toward improved performance.

Computerization of activities has a mean score of 4.16 and this is taken to imply that the institutions have nevertheless not computerized their operations due to the large amount of funds required but as some respondents argue they hope one day it will be possible.

Table 23: Mean score of adjustment in probe.

Probe variables	No of respondents	Mean score	Std. Deviation
<u>Information on competitors</u>	25	2.0	1.12
Product	25	1.84	0.92
Price	25	1.76	0.83
Promotion	25	1.8	0.89
Distribution	25	4.8	1.34
Teaching method	25	1.8	0.98
Market research expenditure to identify market needs	25	2.64	1.02

As Table 23 shows, information on competitors especially concerning the price- a mean score of 1.76, Teaching method and promotion- a mean score of 1.8 and product- a mean score of 1.84 jointly imply a concerted efforts by these institutions to learn and subsequently adopt the necessary measures over competition.

Distribution with a mean score of 4.8 is taken to mean a very low concern over competitors' distribution patterns. It is an option that these institutions have disregarded as one option towards responding to competitor activity.

Table 24: Mean score of the adjustment in social responsibility

Social responsibility adjustment	No of respondent	Mean score	Std. Deviation
Donation to neighboring community	25	3.2	1.44
Event sponsorship	25	3.4	1.31
Environment, health and safety issues	25	2.0	1.12

As Table 24 shows, environment, health and safety issues have a mean score of 2.0 and this implies that these are issues of concern to these institutions as they count a lot in terms of corporate image and this enhances student enrolment. Donations and event sponsorship with a mean score of 3.2 and 3.4 respectively imply that though these activities may be crucial in building an institution corporate name, much has not been done due to scarcity of funds.

CHAPTER FIVE

CONCLUSION

This is the final chapter of the study, which presents the summaries, discussions, and conclusions of the research findings in line with the objectives of the study. The chapter also covers the limitations of the study, recommendations for further research and finally recommendations for policy and practice.

5.1 SUMMARY, DISCUSSION AND CONCLUSIONS

This section is organized following the objectives of the research study.

The first objective sought to establish what government-owned Technical Training Institutions in Nairobi consider to be their greatest challenges from increased competition.

The major competitors identified were polytechnics, Sister Technical Training Institutions, Institutes of Science and Technology, Public and Private Universities, Public and Private colleges. All these Institutions like the Technical Training Institutions offer certificate, and Diploma courses and are subsequently considered as the major competitors of these government-owned Technical Training Institutions.

Generally the nature of competition in this industry is considered to be moderate. These government-owned institutions however consider competition from other government training institutions to be more intense than it is from private training institutions. Other public training institutions are considered to fall in the same strategic group with the Technical Training Institutions hence the intensity of competition herein is fierce. Private institutions though do offer competition are mostly considered to compete in a different strategic group.

Reduced government funding and liberalization of the education sector on the other hand have been considered as the major issues that have intensified the level of competition in the industry. This is so because funds are crucial for the survival of any firm especially in the face of competition. Liberalization as well has led to the continued influx in the number of Training institutions being established in the country.

The major challenges therefore identified by these institutions include:
Admission competition. This is considered the fiercest challenge. The students are the customers upon which these institutions' existence is built on. In Nairobi there are about 500 training institutions. The intensity of competition for students' enrollment in these institutions can therefore not be overemphasized. With the few chances open for students for degree courses in universities, these institutions must absorb the bulk of the form four leavers. It is therefore important for these institutions to possess a competitive advantage upon which the students will look upon and consider joining the institution.

Physical facilities. The facilities put in place by a given institution serve a great purpose in supporting the delivery of its purpose. The perception held by most people today is that public institutions possess outdated facilities as compared to the ones in private institutions. The colonialists themselves established most government institutions during the colonial days. With the changing environment, such facilities need to be updated to guarantee their relevance. Even the students are increasingly being exposed to better facilities in their learning environment. The public institutions need to update most of their facilities and this being an expensive undertaking is also crucial for their survival.

Maintenance costs. The costs incurred in ensuring the physical facilities are up-to-date continue to be a strenuous investment that these institutions have to put up with. Infact most the machines used in teaching the technical courses require a lot

of money to service them. Its not a wonder that one will find these machines not working especially if such funds are scarce.

Teaching Staff. With the changing demands in the environment, new courses are being introduced, other are being dropped and competition for better performing teachers is on the rise. This has actually created a big challenge in terms of an institution ensuring it has the best and most relevant teaching personnel at any one time. Private institutions are fighting to acquire the services of such good performing lecturers while most public institutions are fighting to retain those same lecturers. Staff turnover has highly increased as institutions compete for teachers especially those who can competently perform in a dynamic environment. Though public institutions attract higher salaries than private institutions through the government, most teachers are picking up classes in private and other public institutions on part-time basis.

The challenges cited above demand that these institutions must at all times be having funds to support them in responding to these challenges. This justifies the reasons why these institutions have decided to target most of their competencies in income generating activities so as to provide the funds needed. Since an institution is environment serving, these institutions must redefine themselves in order to find ways and means of survival amid the challenges identified above.

The second objective of the research study sought to determine how Technical Training Institutions in Nairobi have responded to the challenges. The findings of the study indicate that Technical Training Institutions have responded both strategically and tactically to counter the adverse effects of increased competition. Though not much has changed in the vision and mission of these institutions, there has however been changes in strategic plan in order to guide these institutions into some laid down plans intended to counter competition. Of particular emphasis from the strategic point of view are changes in the institutions' organization structure, culture

and leadership, which have played a big role in ensuring that each and every member of the institutions is committed to improved performance. A reformed organizational capability according to Pearce and Robinson (1999) touches on organization structure, culture and leadership. Ansoff (1999) notes that for effective strategy implementation, a firm needs a reformed organization capability. These changes in organization structure, culture and leadership have supported the implementation of strategies the institutions have firm formulated as a result of increased competition.

As Muturi (2003) points out, churches have engaged themselves in income generating activities to generate additional income. The same case has been observed with these institutions which are intensively engaging themselves in other income generating activities like hiring halls, vehicles and offering part-time classes in order to avail enough funds to support the various strategic and tactical options adopted. As Ansoff (1999) states, the role of general management is important if a firm/institution will optimize the attainment of short- and long-term goals. The commitment of these institutions' management has been notable towards supporting the various responses in place.

Kotler (1980) defines the marketing mix as a set of controllable variables that a firm uses to influence the target market. These institutions have greatly altered their marketing mix as a way of influencing their target market. The operational responses emphasized by these institutions involve adjustments in the products/courses offered by offering more market-based courses, maintaining competitive fees structure for all interested applicants, improvement in promotion efforts with emphasis on the institutions' competitive advantages such as location, boarding facilities, and accessibility, staff competence by acquiring qualified ones, and maintenance of physical facilities through building new classes, chairs, renovations of boarding and dining facilities. Process management and probe variables have also been greatly adjusted as the institutions strive to improve on service delivery and gathering the necessary information on competitor moves in the dynamic and complex operating environment.

Though these institutions have greatly improved in terms of the various responses they have put in place, a lot is desired especially from the government. The fact that these institutions have to consult the government in most of the strategic and tactical responses they have to adopt is a big cost especially due to time lost in the process. At one point privatization of these institutions will be a better option. These institutions would be in a better position in formulating appropriate strategies and implementing them at the pace they deserve without acknowledgement from the government. In fact these institutions have continued to push the government to allow them offer higher national Diploma courses like most of their competitors to no avail. This notwithstanding, finances are a major handicap in these institutions. Increasing fees though has been considered may still not be enough to fill the gap as these institutions are mandated to offer affordable education to all Kenyans.

5.2 LIMITATIONS OF THE STUDY

The biggest limitation to the study touched on the willingness and participation of the respondents towards filling the questionnaire. Most of which demanded some written authority from the Ministry of Education so as they can answer the questionnaire.

Most of the respondents could not answer the questions by themselves and demanded my presence throughout the time of data collection. Some of the respondents were practically not available to answer the questionnaire while the time allocated could not allow the researcher to extend the data collection period further. This affected the response rate of the study. The time allocated for this study was also not enough to establish exhaustively all the challenges and subsequent responses that these institutions have undertaken.

Since the researcher could not be available to guide all the respondents some respondents filled the questionnaire through the 'drop and pick later' method. The interpretation of the questions and the quality of answers may have been affected.

Some of the respondents were uncooperative and even refused to fill the questionnaire.

5.3 RECOMMENDATIONS FOR FURTHER RESEARCH

The study looked at Government-owned Technical Training Institutions in Nairobi only and there is need to undertake a study of other institutions outside Nairobi since the impact of competition may vary due to location. Further to this, a related study should be carried out on private institutions so as to establish similarities or differences herewith.

This study covered competition as just one of the environmental factors. In addition I recommend a study to be done on other environmental factors such as economic, political, legal among others that are considered to affect the operations of training institutions in Kenya.

5.4 RECOMMENDATIONS FOR POLICY AND PRACTICE

According to the research findings, increased competition has not spared the government institutions. Various challenges have been identified and the subsequent responses both from a strategic and tactical level adopted by these institutions to counter the challenges. It's however important to point out the major handicap facing these institutions are unavailability of funds. The government has withdrawn most of the much needed support and instead has gone ahead to register more and more competitors most of which are privately established. Without funds, however much these institutions are committed to formulating strategies in response to the challenges of increased competition, their implementability is left wanting.

The government should also allow these institutions to offer Higher National Diploma courses. This will ensure a level playing ground since most of the privately established institutions do offer these higher-level courses. The government should

also consider organizing more training workshops as this ensures continuous staff development and exposure to those concerned in these institutions.

It is also important to point out that without proper arrangements set in place today, most of the beneficiaries of the free primary education set out by the government will lack places in these institutions. Instead the government should direct more funds to setting up more facilities in classes, boarding facilities among others. The future of most of those in the free primary education and many others lies in getting the necessary technical knowledge from these institutions which ultimately will encourage them to invest in informal jobs reducing unemployment and assuring them some self reliance in life. With this, the government future plan of being a fully industrialized Nation by the year 2020 can be achieved.

Of equal importance, is the need for these institutions to reconsider their distribution strategy. The benefits that is associated with spreading their wings to different towns or neighboring regions like the public universities have done far outway the costs. These institutions can hire more classrooms; halls and hostels for the students in order for them to admit more students that will earn extra revenue for them to enable them build their own support facilities. Lack of government support should not be the end for them.

In conclusion, very few studies have however been undertaken on training institutions especially relating to strategy. This study may have just formed the base upon which more research in this area can be undertaken. Many may not have realized by now the importance associated with Technical Training institutions. Most of the students either in the formal or informal sectors on salaries/self employment have gone through these institutions. I therefore do believe there is still much in strategic management to be learnt in these institutions.

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PATRICK GATHARA
MBA STUDENT

DR. MARTIN OGITU
SUPERVISOR

APPENDIX I

LETTER TO THE RESPONDENT

Dear Respondent, Respondent's and Institution's Profile

The questionnaire you are about to fill is designed to collect information on the challenges faced by your institution and the responses it has adopted as a result of increased competition in the industry.

3. Years of work at the institute
The study is being carried for a management research project, a requirement in partial fulfillment of the degree of a Masters of Business and Administration, University of Nairobi. Number of students in your department

With all due respect I kindly request you to fill this questionnaire to the best of your ability. Any information you give will be strictly confidential and will be used solely for academic purposes. In no instance will your name be mentioned in the report.

A copy of the results of the research will be availed to your institution upon request. Kindly cooperate.

Thanking You in Advance.

PATRICK GATHARA
MBA STUDENT

DR. MARTIN OGUTU
SUPERVISOR

APPENDIX II

QUESTIONNAIRE

Section I: Respondent's and Institution's Profile

- 1. Position held in the institute
- 2. Department.....
- 3. Years of work at the institute
- 4. In case you head a department, please indicate
 - a. Total number of students in your department.....
 - b. Total number of staff in your department.....
 - c. Number of courses offered in your department.....
- 5. When was the Institution established?
- 6. How many non- teaching staff does the Institution have today?
.....

Section II: Challenges facing the Institution

- 1. Please outline those firms/organizations/institutions you consider as your major competitors?
.....
.....
.....
.....
.....
.....

2. How would you describe the competition your institution faces today? (tick where appropriate)

- (a) Very Intense ()
- (b) Moderate ()
- (c) Negligible ()

3. Over the last fifteen (15) years, indicate the impact the following changes has had on your institution? Use a five point scale where 1=No impact and 5=A great impact.

	1	2	3	4	5
Reduced government funding	()	()	()	()	()
Liberalization of the education sector	()	()	()	()	()
Others (Please Specify)					
-----	()	()	()	()	()
-----	()	()	()	()	()
-----	()	()	()	()	()

4. What challenges have the competitors you have named above posed to your institution?

5. Are there any challenges that the Institution has failed to respond to and why?

6. What do you intend to do in the future about these challenges the Institution has not responded to?

7. For each of the following challenges, please rate the extent by which each has changed in your Institute as a result of increased competition? Use a five point scale where 1=Not changed, and 5=Highly changed.

	1	2	3	4	5
Staff turnover	()	()	()	()	()
Student enrolment	()	()	()	()	()

Physical facilities () () () () ()

New Courses offered () () () () ()

Old Courses dropped () () () () ()

Others (Please Specify)

-----	()	()	()	()	()
-----	()	()	()	()	()

Section III: Organizational Responses

• Strategic Responses

1. Does your institution have a vision and mission statement?

YES { } NO { }

2. If Yes, has there been a change of either or both as a consequent of increased competition?

YES { } NO { }

3. Do you have a strategic plan?

YES { } NO { }

4. How often is the Strategic plan reviewed?

Yearly { }

2-3 Years { }

3-5 Years { }

Never reviewed { }

Others (specify)

5. For each of the following strategic responses, please indicate the extent of adjustments that has been taken in response to increased competition? 1=Highly increased, 2=Moderately increased, 3=No changes, 4=Moderately decreased, 5=Highly decreased.

	1	2	3	4	5
A. Organizational Structure					
(i) Introduction of new posts	()	()	()	()	()
(ii) Reduction of posts	()	()	()	()	()
(iii) Others (Please Specify)					
-----	()	()	()	()	()
-----	()	()	()	()	()
B. Organizational Culture					
(i) Changes in beliefs and values	()	()	()	()	()
(ii) Willingness to be the best	()	()	()	()	()
(iii) Others (Please Specify)					
-----	()	()	()	()	()
-----	()	()	()	()	()
C. Organizational Leadership					
(i) Top Management commitment	()	()	()	()	()
(ii) Departmental heads commitment	()	()	()	()	()
(iii) Others (Please Specify)					
-----	()	()	()	()	()
-----	()	()	()	()	()
D. Staffing/ Recruitment					
(i) Based on competence	()	()	()	()	()
(ii) Vacancy advertisement	()	()	()	()	()
(iii) Others (Please Specify)					
-----	()	()	()	()	()
-----	()	()	()	()	()

6. Among the following strategic options, which generic strategy listed below do you feel your Institution has adopted in response to increased competition?

F. Product Development

- (i) New courses introduced () () () () ()
- (ii) New lecturers hired () () () () ()
- (iii) Others (Please Specify) () () () () ()
- () () () () ()
- () () () () ()

G. Market Development

- (i) New Markets ventured () () () () ()
- (ii) New infrastructure for the new markets () () () () ()
- (iii) Others (Please Specify) () () () () ()
- () () () () ()
- () () () () ()

H. Innovation

- (i) First to start new courses () () () () ()
- (ii) Use of Advanced Teaching Methods () () () () ()
- (ii) Others (Please Specify) () () () () ()
- () () () () ()
- () () () () ()

I. Divestiture

- (i) Courses dropped () () () () ()
- (ii) Lecturers dropped () () () () ()
- (iii) Others (Please Specify) () () () () ()
- () () () () ()
- () () () () ()

6. Among the following strategic options, which generic strategy listed below do you feel your Institution has adopted in response to increased competition?

Cost Leadership (Offering courses at the lowest prices) { }

Differentiation (Offering high quality courses at premium prices) { }

Focus: Narrow scope

(a) Within a given market segment offer lowest costs { }

(b) Within a given market offer high quality courses at premium prices { }

Broad scope

(a) Within a given market segment offer lowest costs { }

(b) Within a given market offer high quality courses at premium prices { }

7. Indicate the extent of the adjustments that have been adopted in response to increased competition? Use a five point scale, where 1=no adjustment while 5=very high adjustment.

	1	2	3	4	5
Vision and mission statement	()	()	()	()	()
Long-term planning	()	()	()	()	()
Training and Development of lecturers and top management	()	()	()	()	()
Selection of qualified staff	()	()	()	()	()
Starting of income generating activities	()	()	()	()	()
Development projects	()	()	()	()	()

Tactical Options

1. For each of the following operational responses, please indicate the extent of adjustments that has been taken in response to increased competition? 1=Highly increased, 2=Moderately increased, 3=No changes, 4=Moderately decreased, 5=Highly decreased.

1 2 3 4 5

A. PRODUCT

- (i) Introduction of new market-based courses () () () () ()
- (ii) Improvement in quality of existing courses () () () () ()
- (iii) Others (Please Specify)
- () () () () ()
- () () () () ()

B. PRICE

- (i) Charging low fees to increase students' volume () () () () ()
- (ii) Charging high fees to enhance course image () () () () ()
- (iii) Giving credit facilities () () () () ()
- (iv) Others (Please Specify)
- () () () () ()
- () () () () ()

C. PLACE

- (i) Opening of branches elsewhere () () () () ()
- (ii) Others (Please Specify)
- () () () () ()
- () () () () ()

D. PROMOTION

- | | | | | | |
|---------------------------------------|-----|-----|-----|-----|-----|
| (i) Advertising expenditure | () | () | () | () | () |
| (ii) Use of Various advertising media | () | () | () | () | () |
| (iii) Others (Please Specify) | | | | | |
| ----- | () | () | () | () | () |
| ----- | () | () | () | () | () |

E. PEOPLE

- | | | | | | |
|------------------------------------|-----|-----|-----|-----|-----|
| (i) Selection of qualified staff | () | () | () | () | () |
| (ii) Training and Development | () | () | () | () | () |
| (iii) Rationalization/Retrenchment | () | () | () | () | () |
| (iv) Others (Please Specify) | | | | | |
| ----- | () | () | () | () | () |
| ----- | () | () | () | () | () |

F. PHYSICAL FACILITIES

- | | | | | | |
|--------------------------------|-----|-----|-----|-----|-----|
| (i) Setting up of classes | () | () | () | () | () |
| (ii) Infrastructure, buildings | () | () | () | () | () |
| (iii) Others (Please Specify) | | | | | |
| ----- | () | () | () | () | () |
| ----- | () | () | () | () | () |

G. PROCESS MANAGEMENT

- | | | | | | |
|------------------------------------|-----|-----|-----|-----|-----|
| (i) Service delivery | () | () | () | () | () |
| (ii) Computerization of activities | () | () | () | () | () |
| (iii) Others (Please Specify) | | | | | |
| ----- | () | () | () | () | () |
| ----- | () | () | () | () | () |

H. PROBE

(i) Information on competitors

Product	()	()	()	()	()
Price	()	()	()	()	()
Promotion	()	()	()	()	()
Distribution	()	()	()	()	()
Teaching Method	()	()	()	()	()
Others (Please Specify)					
-----	()	()	()	()	()
-----	()	()	()	()	()

(ii) Market Research Expenditure to identify market needs

()	()	()	()	()
-----	-----	-----	-----	-----

(iv) Others (Please Specify)

-----	()	()	()	()	()
-----	()	()	()	()	()

I. SOCIAL RESPONSIBILITY

(i) Donations to the neighboring community

()	()	()	()	()
-----	-----	-----	-----	-----

(ii) Event sponsorship

()	()	()	()	()
-----	-----	-----	-----	-----

(iii) Environment, Health and Safety issues

()	()	()	()	()
-----	-----	-----	-----	-----

(iv) Others (Please Specify)

-----	()	()	()	()	()
-----	()	()	()	()	()

2. In your own opinion do you consider the Strategic and tactical responses to increased competition adopted by the Institute adequate?

3. What else do you feel should be done either by the government or the management to ensure that the Institute stays competitive?

THANKYOU FOR YOUR COOPERATION