GROWTH STRATEGIES AT INOORERO UNIVERSITY, KENYA

By

ANGELA WACHIRA

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DECLARATION

I declare that this research project is my original work and any of its content has never been submitted to any other institution for the award of Masters Degree, Undergraduate degree, Diploma or Certificate.

Student : ANGELA WACHIRA **Signature:**

Registration : D61/8966/2005 **Date: 3rd OCTOBER 2011**

This project has been carried out by the student under my supervision and I confirm that it is being submitted to the university with my approval as the student supervisor.

University supervisor: DR. Z.B AWINO **Signature:**

Lecturer **Date:** 1/11/2011

University of Nairobi.

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DEDICATION

I dedicate this research project to Barnabas and Rachael Wachira who have always been a source of inspiration in my life. Thank you for always supporting me in my endeavors, bearing with me through difficulties, for facilitating in my research and for bringing me this far in my life. To Tony and James, all the encouragement you have shown me has finally paid off. This has made me have a new appreciation for the meaning and importance of friendship. Thank you all so much.

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ABSTRACT

The purpose of this study was to determine the growth strategies at Inoorero University. To meet this objective, a case study was chosen. The target population of the study consisted of middle level and senior management at the university. A sample of four persons was interviewed. Interview guides were used to collect data from the managers. Content analysis technique was used to analyse the data. The findings emerging from the analysis were used to compile this report. The research study concluded that Inoorero University had applied various business growth strategies like market penetration by attracting non-users and increasing their present customers consumption rate, product development by differentiating their products and having new products targeting current customers, market development through new promotional and distribution channels like media advertising. Strategic alliances were also used by the university offering degree courses in conjunction with other universities whether foreign or local. All these strategies helped IU gain market share.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment (Ansoff, 1990).

Strategic management considers the future events against every business decision, and apparently, how skillful business activities are carried out determines the eventual long term success or failure of the firm (Stonehouse, Campbell and Houston, 2002). As a result of the turbulent and competitive business environment, any company's management has no option but to engage strategy in their operations.

McDonnell (1999) stressed the need for any firm's top management to think beyond the current operations so as to develop a strategic intent which shapes the organization's future strategy and development, stretching beyond its past and present achievements. Grundy (1995) define strategy as a continuum of deliberate and flexible pattern in a stream of current or past steps and decisions taken by a firm, which define where it is now, where it is worthwhile for it to be, and how to get there through competitive advantage, with least difficulty and in the least time. According to Kotler (2000), strategic planning is the managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities. The aim of strategic planning is to shape the company's businesses and products so that they yield target profits and growth. Resources can be allocated to specific objectives and efficiency judged thereafter. The link between strategic growth planning and success in organizations is not a new phenomenon. It emerged in the 1970's that a company could no longer rely simply on projections to plan production, sale and profits after shock waves that hit the U.S.A industry. Strategic growth planning was thus developed to help an organization select and organize its businesses in a way that will keep the company healthy even when unexpected events adversely affect any of its specific businesses or product lines. (Kotler, 2000)

Private universities have grown in the country because of a variety of factors which include: the growing demand for university education outstretched absorption of students in public universities, a student not being admitted to take his preferred degree choice in public universities, students who do not qualify for entry in public universities, a means of reducing the burden of education on the government, demand for foreign universities, ownership of universities as an investment.

1.1.1 Growth Strategy

Growth strategies can be defined as tactics used by an organization's management to expand the consumer market or market share for its products or services. These strategies are designed to maximize an organization's performance, usually as measured by sales, profits, and product mix or market share (Dibb, Simkin, Pride, Ferrell, 2001). Market share is that function of the total market that a company commands. Growth strategies can be traced to a publication in the Harvard business review in 1957 by Igor Ansoff where they were represented in the form of a strategic grid matrix. The environment is constantly changing and so it makes it imperative for organizations to continuously adapt their activities in order to succeed (Ansoff, 1990).

Kotler (2000) says that growth strategies are a strategic plan of determining the possible strategic directions that an organization can follow. Growth strategies focus resources on seizing opportunities for profitable growth (Johnson and Scholes, 2002). They alter a company's goals and business processes to challenge conventional wisdom, identify emerging trends, and build business. They are necessary in steering the organization through turbulent phases and to counter the numerous challenges. Growth strategies adaptation and application assist managers to redefine the future success and growth of organizations.

A company can adopt growth strategies by developing the strategy by itself. Some of the strategies here include market penetration where a company focuses on selling existing products into existing markets, product development where organizations deliver new products to existing markets, market development where existing products are offered in new markets, and diversification where a company markets new products in new markets. A company could also develop its growth strategies in conjunction with other parties thus leading to joint ventures, strategic alliances, franchising and licensing. Evaluation of the implemented strategy is important because there is often a major discrepancy between planned and realized strategy. Evaluation also enables the firm to develop the necessary response strategy.

1.1.2 Higher Education in Kenya

The demand for higher education in Kenya has been on the rise due to high population growth and most business organizations insistence on hiring graduates. Introduction of free primary education has led to more students competing for the few available opportunities for advancement to secondary and finally middle level colleges and universities. Many of the students who qualify for admission into public universities do not get admitted because of huge numbers and limited spaces. This has led to emergence of private universities and numerous middle level colleges to cater for these students.

Private university education enrollment in Kenya has increased over the last decade due to a variety of factors which include global trend in private ownership of educational institutions, failure of some public institutions, a two year waiting period for admission into public universities, growing demand for university education and absorption capacity, global need to increase university education participation rate from 25% upto 45% in every country, as a means of reducing the burden of education on government and ownership of universities as an investment. Public and private universities and middle level colleges are usually governed by the Commission of Higher Education.

The Commission for Higher Education is a body corporate set up by the government to provide various services towards higher education in Kenya. Its core functions are planning for, establishment and development of higher education and training; mobilization of resources for higher education and training; accreditation and regular re-inspection of universities; co-ordination and regulation of admission to universities; documentation, information services and public relations for higher education and training.

The Commission has also registered middle level colleges that have met stringent requirements to offer quality education that suit the demands of the job market. Kenya has seven public universities, fifteen public university constituent colleges, fourteen chartered private universities, nine universities with letters of interim authority and two registered private universities as of end of the year 2010.

1.1.3 Inoorero University

Inoorero University (IU) is the Enterprise University. It is registered as a private limited company. It is anchored on over a quarter of a century of excellence in education having been founded on what was originally known as the Kenya School of Professional Studies (KSPS). KSPS was registered in 1983 by founders F.T. Nyammo and Sultan Khimji. In 1992 KSPS governance structure was revised and a Board of Directors chaired by majority shareholder F.T. Nyammo was put in place. In 1997, the school began to offer its own certificate and diploma programs. In 2006, management presented a paper to the Board of Directors justifying the need to migrate to university. In 2009 KSPS was awarded the Letter of Interim Authority authorizing it to operate as a university and was gazetted on 14th September 2009. In October 2009, Inoorero University was unveiled to the public with Prof Thairu as the Vice Chancellor. It is located at Inoorero centre in Parklands, Nairobi. IU's vision is "To be a technology and market driven innovative world class Enterprise University". Its mission is "To develop quality human capital and entrepreneurs prepared for a life of purpose, service and leadership in society through flexible dynamic teaching, research, consultancy, community service and nurturing the spirit of innovation and enterprise".

The core values are "Commitment to excellence, Customer focused, Teamwork, Innovation and Service to Humanity". Among the collaboration initiatives inherited from its predecessor KSPS are Jomo Kenyatta University of Agriculture and Technology (JKUAT), University of Cape Town- Graduate School of Business, University of London, University of South Africa (UNISA), Marketing Society of Kenya (MSK), Kenya Institute of Management (KIM), Kenya Private Sector Alliance (KEPSA), Institute of Legal Executives (ILWX) UK, and Copenhagen Business School. The academic division includes the School of Law, School of ICT, School of Business and Institute of Open Learning. The non-academic departments division includes Finance, Human Resources, Business Development, Services, and Secretary's department. The university has around two thousand five hundred students.

1.2 Research Problem

The objectives of universities are generally to teach, research, publish and student development. Many universities adopt growth strategies in their strategic plans so as to achieve these objectives in a very competitive environment. Private universities face some challenges in their strategy implementation process that include finance problems, sustainable supply of students to make them break even, competition from parallel degree programs offered by public universities, quality of their certificates in the job market, stringent government policies, not in a position to offer all the programs that are on demand.

It has been noted that adoption of growth strategies in an organization's strategic plan leads to success of that organization because these strategies ensure that products or services are marketed for the benefit of the organization as well as its target consumers, and differently enough from its competitor's products. The perceived advantage over competitors leads to success in the market place (Dibb, 2001). Since Inoorero University started off as a middle level college and has now developed into a private university, I want to conduct a research to determine whether there have been any growth strategies in their development process.

Studies have been done to determine the extent and challenges of application of growth strategies by organizations. Njenga (2003) study on attitudes of selected stakeholders towards growth strategies pursued by Uchumi supermarkets learnt that the strategies had led to a lot of expansion and opening of new branches by Uchumi Supermarket. Kiilu

(2004) found out that application of growth strategies in the public sector was still too low and sited challenges that included lack of understanding of the strategy implementation procedures and bureaucratic systems. Kamanda (2006) study on the factors influencing the regional growth strategy of the Kenya Commercial Bank found the factors included tough expatriate workers policies, low labour quality, legal complexity, delay in processing of licenses, poor infrastructure, inferior brand perception, high cost of doing business, high staff turnover and political risks.

Wanyande (2006) found out that Ansoff's growth strategies were widely applied for the achievement of growth and success of internet service providers in Kenya. She recommended that the service providers allocate more resources and focus skill in pursuing growth of the present market by increasing sales volume and customers. Ojunga (2007) found out that pharmaceutical companies in Kenya pursued strategies for market share growth. They mostly preferred selling their products to their existing customers as the best strategy but no single strategy appeared sufficient to deliver the ideal market share growth the companies desired.

The studies above showed the extent of application of growth strategies in various sectors of the economy like large scale retailers, public utility sector, banks, internet service providers and pharmaceutical companies. This study focused on growth strategies at Inoorero University, which is in the education sector. This led to the research question "Had there been any growth strategies at Inoorero University over the years".

1.3 Objective of the Study

The study was aimed in determining growth strategies at Inoorero University.

1.4 Value of the Study

The study on growth strategies was important to Inoorero University because it discovered that growth in the education sector can also be measured using parameters in the Ansoff and BCG growth – share matrices just like they are used in other industries. The BCG matrix permitted the various business units in the university be examined in relation to the market share and growth rate of the market that it was operating in to determine whether the units were question marks operating in a growing market with low market share, stars with a high market share and a high market growth rate, cash cows with high market share but low market growth rate, or dogs with low market share and low growth rate. Market growth rate was important for the business units seeking to dominate a market because it is easier to gain dominance when a market is in its growth state.

The university also applied the Ansoff strategies in its growth planning. It did this by marketing new and existing products in new or existing markets using market penetration, product development, market development and diversification strategies. The study discovered that a company should conduct an internal analysis on its strength, weaknesses, opportunities and threats so as to come up with the appropriate strategies to expand its market share.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review chapter covers the concept of strategy, theories and models of growth strategies like the BCG growth share matrix and the Ansoff growth strategies the chapter also looks at the empirical studies carried out on growth strategies adopted by various sectors of the economy.

2.2 Concept of Strategy

Strategy may be defined as the broad program of goals and activities to help a company achieve success. It is the match between an organization's resources, skills and environmental opportunities and risks it faces and the purpose it wishes to accomplish (Schendel and Hofer, 1979). Having a strategy ensures that day-to-day decisions fit in with the long term interests of a firm. Without strategy, decisions made today could have a negative impact on future results (Bruce and Langdon, 2000). Strategy can be viewed as building defenses against the competitive forces, or as finding positions in the industry where forces are weakest (Pearce and Robinson, 2001). (Porter, 1980) noted that strategy is all about competition and trying to gain competitive advantage. Strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization (Mintzberg, 1973). Strategy is a tool that offers significant help for coping with turbulence confronted by business firms.

Ansoff (1990) asserts that the concept of strategy entered business vocabulary in the late 1950's when response to environmental discontinuities became important. He defines strategy as a set of decision making rules for guidance of organization behavior. The four distinct types of such rule include yardsticks (objectives) by which the present and future performance of the firm is measured; rules for developing the firm's relationship with its external environment; rules for establishing the internal relations and process within the organization and the firm's operational policies. The process of strategy formulation results in no immediate action, rather it sets the general directions in which the firm's position will grow and develop (Cole, 2005). Therefore strategy must next be used to generate strategic projects through a search process. The role of strategy in search is first to focus on areas defined by the strategy and second to filter out and uncover possibilities, which are inconsistent with the strategy. Thus strategy becomes unnecessary whenever the historical dynamics of an organization will take it where it wants to go. At the time of strategy formulation it is not possible to enumerate all projected possibilities which will be uncovered.

Therefore strategy formulation must be based on highly aggregated, incomplete and uncertain information about classes or alternatives. When search uncovers specific alternatives, the more precise, less aggregated information, which becomes available may cost doubts on the wisdom of the original strategy. Thus, successful use of strategy requires strategic feedback (Pearce and Robinson, 2001). A strategy which is valid under one set of objectives may loose its validity when the objectives of a strategy are changed (Grundy, 1995). Strategies and objectives of a firm are interchangeable. Therefore some attributes of performance (such as market share) can be an objective of the firm at one time and its strategy at another. As objectives and strategies are elaborated throughout an organization, a typical hierarchical relationship results: elements of strategy at a higher managerial level becomes objectives at a lower one. Strategy therefore, is an elusive and somewhat abstract concept. Its formulation typically produces no immediate productive action in the firm. Above all, it is an expensive process both in terms of money and managerial time. It is important to know when recourse to an explicit strategy becomes important. It is necessary to formulate strategy when rapid and discontinuous changes occur in the environment of the firm. This may be caused by saturation of traditional markets, technological discoveries inside and outside the firm, influx of new competitors. Under these conditions, established organizational traditions and experience no longer suffice for coping with the new opportunities and threats (Ansoff, 1990).

2.3 Theories and Models of Growth Strategies

Growth strategies focus resources on seizing opportunities for profitable growth. Brian (1996) says that evidence suggests that profit grown through increasing revenues can boost stock price 25 to 100 percent higher than profit grown by reducing costs. Growth strategies assert that profitable growth is the result of more than good luck. It can be actively targeted and managed. Growth strategies alter a company's goals and business processes to challenge conventional wisdom, identify emerging trends, and build or acquire profitable new businesses adjacent to the core business. In some cases these strategies involve redefining the core. Grundy (1995) states that growth strategies involve exploiting opportunities for both financial and competitive advantage, and to develop capability, with least difficulty and in the least time. There are many theories and models of growth strategies. Charan et al (1998) states that there are a number of ways by which growth can be achieved. Deciding how to develop the chosen strategy is the next step in strategic choice. A firm can decide to grow its market share through internal development. This means developing the strategy by the firm themselves. So if for example the company's strategic direction is market development into another region, this would mean raising finance, setting up another corporate base, marketing and selling in the new region, and building up the market share from zero base (Pearce & Robinson, 2001)

Another strategy can be acquisition of an established business. It is the most popular means of diversifying into another industry because it is quicker way to enter the target market than trying to launch a new operation. It offers an effective way to hurdle such entry barriers as acquiring technological experience, establishing supplier relationships. It also leads to one fewer competitor, buy expertise about products and markets (Thomson & Strickland, 2002). Joint development is a growth strategy that a firm could also use. It means development of the growth strategy in conjunction with other parties. The types of joint development include; joint venture which is a partnership between a domestic company and a foreign company; strategic alliance which are partnerships formed to create a competitive advantage; franchising which is a form of licensing granting the right to use certain intellectual property rights, such as trade names, brand names, designs, patents and copyrights; and licensing which is a system in which a licensee pays commissions or royalties on sales or supplies used in manufacturing (Charan et al, 1998)

2.3.1 BCG Growth Share Matrix

The BCG Growth-Share Matrix is a portfolio planning model developed by Bruce Henderson of the Boston Consulting Group in the early 1970's. Henderson reasoned that the cash required by rapidly growing business units could be obtained from the firm's other business units that were at a more mature stage and generating significant cash. By investing to become the market share leader in a rapidly growing market, the business unit could move along the experience curve and develop a cost advantage. From this reasoning, the BCG Growth-Share Matrix was born (Dibb, 2001).

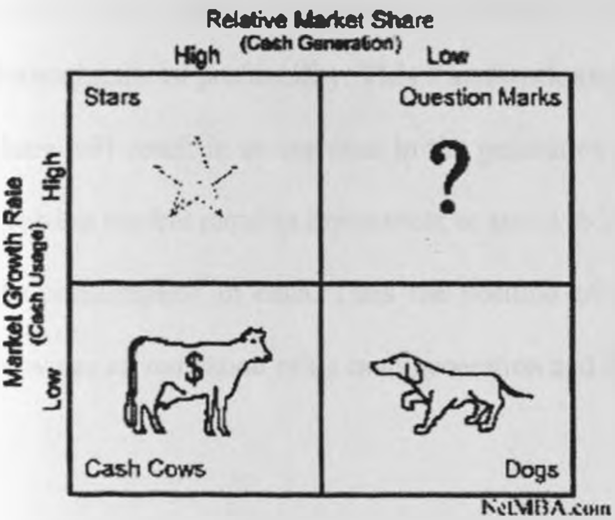

Figure 2.1: BCG Growth Share Matrix

Source: Dibb (2001), **Marketing Concepts and Strategies**, Houghton Mifflin Co, pg 673.

The matrix permits business units to be examined in relation to market share and the growth rate of that market and in this respect, the life cycle development of that market. Market growth rate is important for a business unit seeking to dominate a market because it may be easier to gain dominance when a market is in its growth state. In a state of maturity, a market is likely to be stable with customer loyalties fairly fixed making it more difficult to gain market share (Kotler, 2000). Market growth rate is the projected rate of sales growth for the market being served by a particular business. It is measured as the percentage increase in a market's sales or unit volume over the two most recent years. This rate serves as an indicator of the relative attractiveness of the markets served by each business in the firm's portfolio of businesses. Relative competitive position is expressed as the market share of a business divided by the market share of its largest competitor (Bruce & Langdon, 2000). Market growth serves as a proxy for industry attractiveness, and relative market share serves as a proxy for competitive advantage. The growth-share matrix thus maps the business unit positions within these two important determinants of profitability. This framework assumes that an increase in relative market share will result in an increase in the generation of cash. A second assumption is that a growing market requires investment in assets to increase capacity and therefore results in the consumption of cash. Thus the position of a business on the growth-share matrix provides an indication of its cash generation and its cash consumption (Lamb, 1984).

A question mark or problem child is a business unit in a growing market, but without a high market share (Johnson & Scholes, 2002). Most businesses start off as question marks as the company tries to enter a high-growth market in which there is already a market leader. It may be necessary to spend heavily to increase market share, but if so, it is unlikely that the business unit is achieving sufficient cost reduction benefits to offset such investments. Question marks are cash guzzlers because their rapid growth results in high cash needs, while their small market share results in low cash generation. Corporate level should identify the question marks that would increase their market share and move them into the stars group if extra corporate resources were devoted to them (Pearce & Robinson, 1997). The strategies to be used with the question marks include investing heavily to get a disproportionate share of new sales, buying existing market shares by acquiring competitors, divestment-sale of a growing concern, harvesting-cut back all support costs to a minimum level, focus on a definable niche where dominance can be achieved (Kotler, 2000).

A star is a business unit which has a high market share in a growing market (Johnson & Scholes, 2002). If the question mark business is successful, it becomes a star. The business unit may be spending heavily to gain that high market share, but experience curve benefits should mean that costs are reducing over time and at a rate faster than that of competitors. Stars represent the best long run opportunities in terms of growth and profitability in the firm's portfolio. They require substantial investment to maintain and expand their dominant position in a growing market. Investment is often in excess of the funds they can generate internally. Strategies to use here include protecting existing share, re-invest earnings in the form of price reduction, product improvements, providing better market coverage, production efficiency, obtaining a large share of the new users (Dibb, 2001).

A cash cow is a business unit with a high market share in a mature market (Kotler, 2000). Since growth is low and market conditions are more stable, the need for heavy marketing investment is less. High relative market share means that the business unit should be able to maintain unit cost levels below those of competitors because it enjoys economies of scale thus higher profit margins. The cash cow should be a cash provider, for example, to finance question marks. Cash cows are yesterday's stars and the current foundation of corporate portfolios. They provide the cash needed to pay corporate overheads and dividends and provide debt capacity. According to Grundy (1995), strategies to use here include maintaining market dominance, investing in process improvements and technological leadership, maintaining price leadership, use of excess cash to support research and growth elsewhere in the company.

Dogs are business units with a low share in static or declining markets and are thus the worst of all combinations (Pearce & Robinson, 1997). They may be a cash drain and use up a disproportionate amount of the company's time and resources. Dogs are business units that are facing mature markets with intense competition and low profit margins. They are managed for short term cash flow to supplement corporate level resource needs. They are divested or liquidated once this short term harvesting has been maximized.

According to Dibb (2001), the growth-share matrix once was used widely, but has since faded from popularity as more comprehensive models have been developed. The growth-share matrix has its limitations which are that market growth rate is only one factor in industry attractiveness, and relative market share is only one factor in competitive advantage. The growth-share matrix overlooks many other factors in these two important determinants of profitability. Another limitation is that the framework assumes that each business unit is independent of the others. In some cases, a business unit that is a "dog" may be helping other business units gain a competitive advantage. Finally, the matrix depends heavily upon the breadth of the definition of the market. A business unit may dominate its small niche, but have very low market share in the overall industry. In such a case, the definition of the market can make the difference between a dog and a cash cow ((Buzzell & Gale, 1987).

2.3.2 Ansoff's Growth Strategies

The Ansoff growth strategy matrix was first published in the Harvard Business Review in 1957. It is a strategy grid that can help firms identify their future strategic direction, and is often used when firms are planning for growth. The matrix suggests that a business' attempts to grow depend on whether it markets new or existing products in new or existing markets. The output from the matrix is a series of suggested growth strategies that set the direction for the business strategy

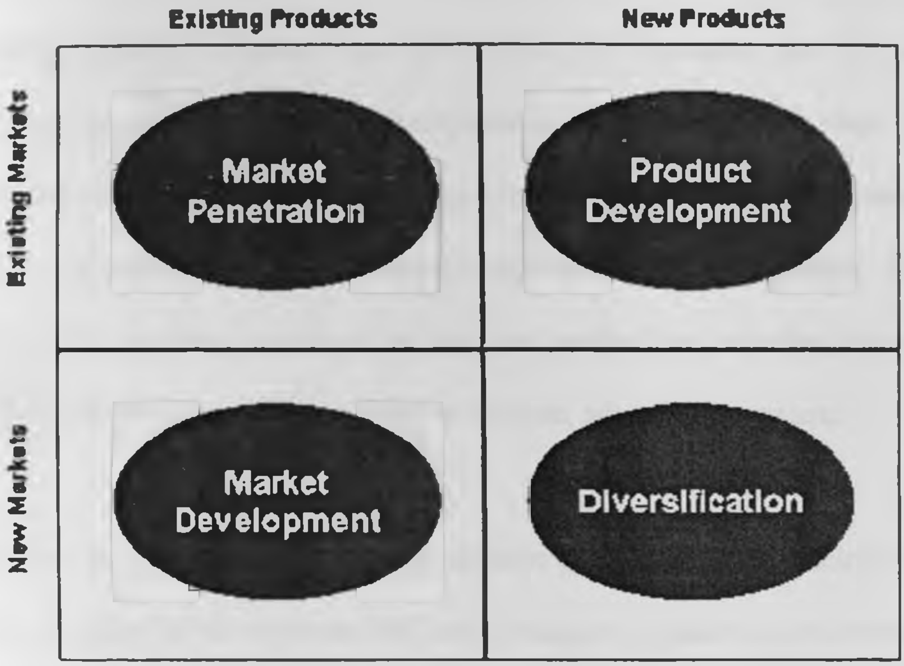

Figure 2.2: Ansoff growth strategy matrix

Source: Dibb (2001), **Marketing Concepts and Strategies**, Houghton Mifflin Co, pg 681.

Market penetration or concentrated growth is the name given to a growth strategy where the business focuses on selling existing products into existing markets (Dibb, 2001). Market penetration strategy is where an organization gains market share. Within the broad category of protecting and building an organization's position, there may be opportunities for market penetration. Competences which sustain or improve quality or innovation or increasing marketing activity could all be means of achieving market penetration. A firm thoroughly develops and exploits its expertise in a delimited competitive arena. This leads to enhanced performance. The ability to assess market needs, knowledge of buyer behavior, customer price sensitivity, and effectiveness of promotion are characteristics of this strategy (Pearce & Robinson, 1997).

Kotler (1987) states that market penetration can be achieved in three ways. First is increasing present customers' rate of purchase by increasing the size of purchase, increasing the rate of product obsolescence, advertising other uses, giving price incentives for increased use. Another way is by attracting competitors' customers through establishing sharper brand differentiation, increasing promotional effort, initiating price cuts. Lastly attracting non-users to buy the product by inducing trial use through sampling and price incentives, pricing up or down, advertising new use.

A market can be penetrated through adoption of a superior marketing mix (Salmon, 2001). To adapt to the opportunities and limitations imposed by the new environment requires the use of variables which include price, place promotion and product. The variables present the working tools needed to penetrate a market. The overall objective remains to unite these tools into an organized and integrated program (Engel, 2002). Firms should come up with product policies whose purposes are to adapt to the target market through design of products which aim to satisfy the needs, desires, attitudes and other influences which will motivate the target buyer (Stonehouse et al, 2006). The product must be created and marketed with full awareness of competing brands, legal restriction and probability estimates that economic circumstances will facilitate an adequate demand level to provide a profit over the product life cycle (Porter, 1980).

A price policy ensures the service is offered to the prospective buyer at a price that will produce an acceptable return on investment (Grundy, 2003). Price must be carefully tuned to buyer willingness to pay or the resulting revenues will be insufficient to provide the necessary return on investment. Competitor's actions also assume crucial importance, especially when a limited number of firms offer highly similar products. A price change by one is certain to be matched by others, and a price war can be an ever present danger. Products must be made available when and where the buyer dictates (Salmon, 2001). A firm should be concerned with all the decisions involved in getting the right product closest to the willing buyer. Promotion involves telling the target market about the right product. It includes undertaking a situation analysis, establishment of objectives, and determination of budget and management of program elements (Engel, 2002). At this stage it becomes important to blend methods such as personal selling and sales promotion (McCarthy, 2002). The variables in the marketing mix should all be tied together and aggressively implemented to ensure a successful market penetration (Kent, 1988).

Johnson & Scholes (2002) state that the ease with which an organization can pursue a policy of market penetration will depend on the nature of the market- whether it is growing or declining. When the overall market is growing, or can be induced to grow, it is easier for organizations with small market share, or even new entrants, to gain share because sales levels of established organizations may still be growing, and in some instances those companies may be unable or unwilling to meet the new demand. Market penetration in static markets can be much more difficult to achieve. There may be resource issues driving or preventing market penetration. Building market share can be a costly process for weakly positioned businesses. Short-term profits are likely to be sacrificed, particularly when trying to build share from low base. Key drivers of market share are organization competences to sustain quality, innovation and intellectual property e.g. patents. These factors impact on the perceived value for money of the organizations products/services and can act as barriers to entry for new competitors. Sometimes the complacency of market leaders can allow for lower share competitors to catch up because they are not regarded as serious competitors. A low share competitor may build a reputation in a market segment of little interest to the market leader, from which it penetrates the wider market.

According to Page (2001), market penetration seeks to achieve four main objectives which are to maintain or increase the market share of current products through a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling; secure dominance of growth markets; restructure a mature market by driving out competitors through aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors; increase usage by existing customers by introducing loyalty schemes A market penetration marketing strategy is very much about "business as usual". The business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research (Cole, 2005).

Product development strategy is where organizations deliver modified or new products to existing markets (Kotler, 1987). Changes in the business environment may create demand for new products/services. The firm develops potential new products based on customers wants and needs through new product technologies and develops different quality levels.

This strategy is necessary when retailers tend to follow the changing needs of their customers by introducing new product lines, when product life cycles are short, and when an organization may have developed a core competence in market analysis that it is able to exploit (Johnson & Scholes, 2002). This strategy may be appropriate if the firm's strengths are related to its specific customer rather than specific product itself. Egan and Thomas (1998) state that loyal customers are return customers and therefore very valuable to the business.

Grundy (1995) says that product development can be achieved by creating a new product life cycle and making similar existing products obsolete or acquiring one or more similar firms operating at the same stage of the chain thus eliminating competitors and providing the acquiring firm with access to new markets. Thompson and Strickland (2001) state that when product life cycles are short as with software and consumer electronics, product development becomes an essential requirement of an organization's strategy. It involves substantial modification of existing products or creation of new but related items that can be marketed to current customers through established channels. It is adopted to prolong life cycle of current product or take advantage of favorable reputation and brand name.
Doyle (1994) states that some of the options available to firms undertaking product development include developing new product features, developing quality variations and developing additional; models and sizes. Instead of pioneering a new market with existing products, you attempt to roll out a new product(s) in a market with which you are already familiar.

Many small business owners are more comfortable working in this kind of scenario because they already possess an awareness of prevailing market conditions (Stonehouse, 2002). Direct market linkage is exploited when a company uses the distribution channel to sell different products (Schulz, 1999). Bic exploited synergies in distributing dispensable cigarette lighters and safety razors through the same outlets that it had developed to sell its ballpoint pens.

Despite the attractiveness of product development, it may not always be in line with expectations and may raise uncomfortable dilemmas for organizations. It often requires the business to develop new abilities and continuously adapt the products until they achieve marketplace success (Pearce & Robinson, 1997).Whilst new products may be vital to the future of the organization, the process of creating a broad product line is expensive, risky and potentially unprofitable, because most new product ideas never reach the market, and of those that do, there are relatively few that succeed. The need to develop products, even to survive in existing markets, is underlined by the consequences of not doing so. It is likely that performance may become so poor in relation to that of competitors that the organization becomes a target for acquisition.

Market development growth strategy is where existing products are offered in new markets. Normally, organizations will be selective in their market coverage leading to a situation where there are no further opportunities within the current market segment. This leads to market development (Pearce & Robinson, 1997).A firm markets present products, often with only cosmetic modifications, to customers in new market areas by adding channels of distribution or by changing the content of advertising or promotion (Kotler, 2000).The resources and market considerations that might drive an organization's development into new markets include whether products can be exploited in other market segments where similar critical success factors exist, development of new uses and product versions for existing products so as to appeal to other segments, different pricing policies to attract different customers or create new market segments, geographical spread into new markets, globalization will usually require some adjustment to product features or development methods (Koontz, 1988).

McCarthy (2000) says that various dimensions may be used to segment markets when using market development strategies. Behavioral dimensions include needs such as economic and social, the benefits sought, the rate of use, the purchase frequency and information required. Geographic dimensions include regions of the world, regions in country, size of city. Demographic dimensions are income, sex, age, occupation, education, social class. Estimates of target market potential and how much a firm hopes to sell to a market are necessary for effective strategy planning. The market potential needs to be first judgment before estimates of what share of a particular firm may be able to win with its particular marketing mix. Firms may also try advertising in different media to reach new target customers (Biemans, 1992).

Before implementation of a market development strategy, some research has to be done on the profitability, distribution channels.

Diversification is the name given to the growth strategy where a business markets new products in new markets (Johnson & Scholes, 2002). Diversification strategy takes the organization away from its current markets or products or competences (McDonnell, 1999). It is the most risky of the four strategies since it requires both product and market development and may be outside the core competencies of the firm (Doyle, 1994). Whether a firm pursues this strategy will depend on the situation of the market, the business cash reserves, and the skills of staff to take on new product lines (Kotler, 2000). Both the product and the market are unproven territory for the business. Though trailblazing emerging products and markets can be exhilarating, it can also be terrifying given the fact that the company cannot rely on prior experience for reassurance (David, 2001).

The reasons given by firms for pursuing this strategy includes risk reduction, earnings stability, synergy, growth, adapting to customer needs, and the use of spare resources (Whitely, 1997). Change becomes an attractive strategy when a company runs out of profitable growth opportunities in its present business (Thompson and Strickland, 2000). Bruce (2000) states that some of the factors for diversification are the business environment changing, both threatening the future of current strategies and throwing up new opportunities, an organization has resources and competences that can be exploited in new arenas, the expectations of powerful stakeholders might drive diversification e.g. investors may press for excess cash to be invested somewhere even if the current product and market development opportunities seem limited. But if innovation is one of the company's defining characteristics, a diversification strategy will eventually become second nature. To achieve growth, a firm will need to be realistic about the risks it faces and crystal clear about what it hopes to achieve (Grundy, 1995). Related diversification is strategy developed beyond current products and markets but within the value system or industry in which the company operates. It means growth into similar industries, whether forward or backward in a business existing supply chain. Vertical integration describes either backward or forward integration. Backward integration is concerned with the inputs into the company's current business. Forward integration refers to development into activities that are concerned with a company's outputs, such as, transport, distribution, repairs and servicing (Johnson & Scholes, 2002).

Unrelated diversification is when an organization moves beyond its current value system or industry (Pearce & Robinson, 1997). Kotler (2000) states that unrelated diversification is diversifying into a completely different industry. Occasionally a firm, particularly a large one, plans to acquire a business because it represents the most promising investment opportunity available. The principle and often sole concern of the acquiring firm is mostly the profit pattern of the venture. There is little concern given to creating product/market synergy with existing business (Pearce and Robinson, 2001).

In most cases whereby firms have diversified, many times these movements are the result of acquisitions rather than a new product program (Moore, 1993).

2.4 Empirical Studies

Studies have been done to determine the application of growth strategies by organizations. Njenga (2003) studied the attitudes of selected stakeholders towards growth strategies pursued by large scale retailers in Kenya-a case of Uchumi supermarkets. The findings were that growth strategies had led to a lot of expansion of the supermarket but the staff and customers' awareness and knowledge of the strategies was low. The attitudes of the staff and customers towards Uchumi were highly positive which they regarded as a leading quality store.

Kiilu (2004) studied the extent of the application of Ansoff's growth strategies in the public utility sector in Kenya. The findings were that both market penetration and market development strategies are applied by the public sector to a moderate extent. Product development and diversification are applied to a very small extent. He recommended the use of Ansoff's growth strategies by the public sector in order to expand, increase revenue and hence prosper.

Kamanda (2006) studies the factors influencing the regional growth strategy of the Kenya Commercial Bank. The findings showed that the bank pursued market development strategy and the preferred mode of entry was subsidiaries, mergers and acquisitions. The factors affecting the regional growth strategy are tough expatriate workers policies, low labour quality, legal complexity, delay in processing of licenses, poor infrastructure, inferior brand perception, high cost of doing business, high staff turnover, political risks and superstitions.

Wanyande (2006) studied the extent to which Ansoff's growth strategy has been applied by internet service providers and the challenges they faced in its application. The findings were that most firms applied Ansoff's growth strategies with market penetration being used to a very large extent by ISP's. Market development was used to a large extent, product development to a moderate extent and diversification to a small extent. Respondents stated the challenges of its application to include IT piracy, perception of growth strategy, infrastructure, legal framework, lack of organizational IT policy. Her recommendation was for ISP's to utilize diversification as a means of achieving growth within a rapidly growing and competitive sector.

Ojung'a (2007) studied market-share growth strategies adopted by pharmaceutical companies in Kenya for branded prescription medicines. The findings were that pharmaceutical companies pursued strategies for market-share growth. Selling existing products to existing customers was the most popular, followed by selling new products and services, and thirdly was selling existing products to new customers. Finding new competitive arenas, selling more through delivery approaches and establishing new industry structures were moderately pursued. No single strategy appeared sufficient to deliver the ideal market-share growth desired

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in the research design, gathering the data from Inoorero University, analyzing the data and reporting the results.

3.2 Research Design

The research was conducted through a case study design. This method was appropriate as it involved an in-depth understanding of the application of growth strategies at Inoorero University which has recently been upgraded from a middle level college into a private university. A case study design was most appropriate where detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear. The importance of a case study is emphasized by Cooper & Emory (1995) who acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study.

3.3 Data Collection

In this study primary data was used. Primary data was used through interview guides consisting of open-ended questions. Interview guides ensured clarification and in-depth probing of respondents. Midwa (2008) notes that interview guides make it possible to obtain data to meet the research objectives. The guide was administered to four managers in IU, that is, business development manager, the dean of ICT, manager in academic affairs department and the registrar. They had been deliberately chosen because they are at the strategy development and implementation level.

3.4 Data Analysis

Given the qualitative nature of the data, the mode of analysis used was content analysis. Content analysis is the systematic qualitative description of the composition of the materials of the study. Its purpose is to analyze given information in order to determine factors that explain a given phenomenon. The information that was gathered was analyzed to seek explanations regarding the application of growth strategies at Inoorero University. Content analysis was deemed as a good means of analyzing interactions and its case of reference and interpretation by the beneficiaries of the study. According to Cooper & Emory (1995), content analysis guides against selective perception of the content, has the provision for the rigorous application of reliability and validity criteria, and is amenable to computerization.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter documents and presents the growth formulation and implementation process, research findings using the BCG and Ansoff's growth strategies and data analysis on the responses by Inoorero University. In order to capture the general information of the respondents, issues such as current position and years worked in the university was necessary. There were four respondents to the interview. The Business Development Manager, Registrar, Dean of ICT School and a Manager in Academic Affairs Department participated in the exercise. They had all worked in IU before it was awarded the Letter of Interim Authority authorizing it to operate as a university and gazetted on 14th September 2009.

4.2 Growth Strategy Formulation and Implementation

The respondents indicated that to formulate and implement the strategies for growth, commitment from the highest office in the organizational hierarchy was needed. Without buy-in from the head, it was unlikely that other members will be supportive in the planning and eventual implementation process, thereby dooming the plan before it ever takes shape. Commitment and support of the strategic-planning initiative must spread from the chancellor all the way down through the ranks to the line worker on the University floor. Inoorero University's strategic-planning team composed of top-level managers who were representing the interests, concerns, and opinions of all members of the organization. The strategy formulation committee composed of 10 persons whose role involved the preliminary layout of the detailed paths by which the company planned to fulfill its mission and vision. This step involved four major roles namely: identification of the major lines of business, establishment of critical success indicators, identification of strategic thrusts to pursue, and the determination of the necessary culture. Implementation of the strategic plan is the final step for putting it to work for an organization.

To be successful, the strategic plan must have the support of every member of the firm. This is why the top officer must be involved from the beginning. A company's leader is its most influential member. Positive reception and implementation of the strategic plan into daily activities by this office greatly increases the likelihood that others will do the same. The institution had Growth implementation team which had its work clearly cut .The group was mandated to develop an action plan which was developed for each line of business, both existing and proposed. It is here that the goals and objectives for the organization are developed. Goals are statements of desired future end-states which are derived from the vision and mission statements and are consistent with organizational culture, ethics, and the law. Goals are action oriented, measurable, standard setting, and time bounded. In strategic planning, the team concentrated on only two or three goals at a time. The idea was that a planning team can do a better job on a few goals rather than on many.

The team considered advertising a key to successful implementation of the strategic plan. The more often employees hear about the plan, its elements, and ways to measure its success, the greater the possibility that they will undertake it as part of their daily work lives. Employees were constantly reminded of the measurement systems and that any significant achievements were rewarded and celebrated. This positive reinforcement increases support of the plan and belief in its possibilities. However, respondents also indicated that was is possible to turn strategies and plans into individual actions, necessary to produce a great business performance. But it's not easy. Many companies repeatedly fail to truly motivate their people to work with enthusiasm, all together, towards the corporate aims. Most organizations know their businesses, and the strategies required for success. However many corporations especially small and medium ones, struggle to translate the theory into action plans that will enable the strategy to be successfully implemented and sustained. Here are some leading edge methods for effective strategic corporate implementation.

As a way of initiating growth strategy, IU had established four main departments i.e. Academic and Research, Student affairs and Administration, Planning and Development which are tasked to carry out specific and distinctive roles in its endeavor to meet the core business of the University. The academic and research departments were tasked to carry out intensive research in development of new-market oriented programmes and aligning the existing one in line the market demand. Research department was to further develop research capability for staff and students and application in research in solving practical problems and creates the enterprise mindset for staff and students by involvement in business incubation activities for industry government and the community at large. The Administration, Planning and Development departments provide strategic leadership and management oversight in the areas of strategy, human resources development, administration and policy compliance in line with the university's vision, mission and values. IU aims to create competitive edge using technology, research and market surveys for their industry clients, provides a one stop shop for professional skills, consultancy services required by industry and also provide best services at all times, to facilitate the smooth operation and development of IU in order to deliver value to our customers.

4.2.1 Strategic Position of Inoorero University

Majority, three of the respondents indicated that Inoorero University is a market challenger, that is, it aimed at attaining the largest market share and adopting aggressive pricing, delivery and promotional tactics. One of the respondents revealed that the institution was a market follower, that is, it seeked to maintain its market share but adopted cautious marketing.

4.3 Business Units Positioning Using the BCG Growth-Share Matrix

The respondents said that the business unit with a high market share in a mature market, that is, a cash cow, is the School of Information and Communication Technology. More than half of the student population was enrolled in this department. The growth strategy used in this group was cost leadership. Respondents said that the university was targeting to become the low cost producer in its industry. This was through pursuit of economies of scale, proprietary technology and other factors. They said that the university was exploiting all sources of cost advantage. Respondents concurred that if the university was to achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. Business unit with a high market share in a growing market, that is, a star, was the School of Business. Focus strategy was generally used here. Through cost focus the university sought a cost advantage in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. Through cost focus, the university exploited differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments. Product innovation was another strategy to use here. The university embarked on development of market oriented products tailored to meet the job market.

Distribution innovation strategy was also used. The institution has expanded its branch network. The Parklands centre is conveniently sited to serve the persons already working around CBD .The opening of the Kiserian branch will provide more space for non-working students living in the outskirt of city centre. Intensive advertising strategy was the last strategy used in the Business school growth strategies. The management of the university has invested substantial amount of money in promotion of the institution's image. Regular adverts run through print media and electronic media to inform the general public of the institution's repute and services offered. The respondents noted that the business units with a low share in a declining market, that is, dogs, were on the verge of being liquidated because they were just a cash drain. The secretarial department was in this category.

4.4 Market Penetration Strategies Pursued By Inoorero University

Market penetration strategy is the name given to the growth strategy where the company focuses on selling existing products into existing market. The business tries to gain market share using this strategies. Competencies which sustain or improve quality or innovation or increasing marketing activities could all be means of achieving market penetration. The strategies used by IU are discussed below.

4.4.1 Increasing of Present Customer's Rate of Purchase

Majority of the respondents indicated that the institution made efforts to increase present customer's rate of purchase. Respondents said that in the face of increased competitive pressure, there was need to boost their revenue base and reduce operation cost through increased customer base. From the respondents, the university increased the rate of purchase through the following ways; Setting up of a sales incentive program. This involved creating Sales Incentive Programs for the sales staff to motivate them to sell the university's products more: Asking for Specific Referrals. This was through word of mouth. Students, staff and management are encouraged to market the university to their friends.

Further, by asking them to take a specific action to help you meet the prospect; a telephone introduction, a testimonial letter, luncheon or meeting were arranged: Growing their Brand Identity. The management of the university has had in the past promoted Brand Identity to the best effect of Inoorero University. This has made the university well known within the market area. Further, respondents said that brand was enhanced through participating in writing articles, letters to editors, offer expert input for reporters and publishers, conducting surveys, providing free services to key people, donating their time to worthy causes, sharing valuable ideas via email.

4.4.2 Products Purchased More Frequently

The university offers a variety of programs ranging from Certificate, Diploma and Degree level. The products purchased more frequently in Certificate courses included Certificate in Management and Certificate in Information and Communication Technology. The Diploma Courses included Diploma in Management, Diploma in Business and Office Management, Diploma in Journalism and Media Studies, Diploma in Information and Communication Technology. Degree Courses included Bachelor of Commerce and Business Administration, Bachelor of Information and Communication Technology, Bachelor of Science in Information Technology.

4.4.3 Attracting Non-Users to Use Inoorero's Products

Respondents agreed that the university had attracted a small percentage of non-users to use their products. The following methods were employed to attract them; Affordable pricing for their programs; Offering short term courses; Provision of bursary to needy students both continuing and new; and restructuring and spreading fee payment in installments. In addition, respondents listed the following products used to attract non-users; Short term short course like computer application; Enablis program for future entrepreneur; Partnership program with family bank to offer finance to students; and business program incorporating information technology. Respondents said that the management had a strong belief that attracting non-user will provide the following benefits; Non-user will eventually become buyers of their products; Shield off and guard against competitors; and to add contribute towards overall cost reduction

4.4.4 Encouragement Given To Competitors' Customers to Switch to Inoorero Products

The respondents felt that the institution did not make considerable effort to win competitors` customers. However, competitors` customers were always encouraged to try their products through; Affordable pricing for their programs; offering short term courses like computer application; Provision of bursary to needy students both continuing and new; and offering flexible tuition program that is evening and distance learning. Further, respondents listed the following products that were being offered to attract competitor's customers including: Evening and weekend programs; Open and distance learning; and online tuition.

When asked how they influenced winning competitors' customers on the market share, respondents said that winning competitors` customers was viewed to reduce intense rivalry among the institution offering these services and capitalize on already overcrowded public institutions and absorb the huge number of high school leavers. In addition, the following influences were important; to increase revenue base to cater for growth in technology; to develop a launching pad for future attack; and to reduce unfair practices through frequent price cut.

4.5 Product Development Strategies Pursued By Inoorero University

Product development strategy is where organizations deliver new products to existing markets. Changes in the business environment may create demand for new products. The company develops potential new products based on customers wants abd needs through new product technologies. The product development strategies pursued by IU are discussed below.

4.5.1 Product Differentiation

The institution offered products differentiated based on the job market need. Most of the respondents indicated that the institution had been developing new products targeting existing customers with a view of locking out competitors. Respondents said that customers` needs are the starting point in developing new products and therefore customer input is essential. Ideas are generated through brainstorming sessions and focus groups and then screened giving priorities to viable ideas which are later developed and introduced in the market. Other methods of developing new products used at the university included; Product modification- which involved altering the minor feature of the original product; Products relaunch-the products are directed to different or similar customer in the same market; and Product replacement –the product is completely withdrawn from the market.

4.5.2 New Products Targeting Current Customers

Respondents said that the following products were developed to meet the existing customers` requirements namely; Bachelor of Commerce and Business Administration, Bachelor of Business and Office Management, Bachelor of Information and Communication Technology, Certificate in Management, National Certificate in Archives and Records Management. In addition, respondents agreed that the new product development to current customers had contributed to increased revenue base to cater for growth in technology and reducing unfair practices through frequent price cut and promotion war. Most of the respondents indicated that the institution had been developing products that serve different needs for current customers. Respondents said that most of the products\programs are tailored to provide essential skills cutting across all industries. Program such as Bachelor of Commerce and Business Administration will provide a person with broad skills to work in management role in every company all over the world. I.T knowledge is now requisite in any working environment in this era of information revolution.

4.5.3 Products That Serve Different Needs for Current Customers

Respondents listed the following products that had been developed to serve different needs for current customers; Bachelor of Commerce, Bachelor of Commerce and Business Administration, Bachelor of Business and Office Management, Bachelor of Information and Communication Technology. Bachelor of Science in Information Technology, Diploma in Management, Diploma in Business and Office Management Diploma in Journalism and Media Studies, Diploma in Information and Communication Technology.

The respondents stated the products had lowered the cost of providing the programs. In addition the product development to current customers had contributed to increased revenue base to cater for growth in technology and reducing unfair practices through frequent price cut and promotion war. Further they indicated that it was a launching pad for future attack.

4.6 Market Development Strategies Pursued By Inoorero University

Market development strategy is where existing products are offered in new markets. Normally, a firm will be selective in its market coverage leading to a situation where there are no further opportunities within the current market segment. This leads to market development when the firm markets its present products to customers in new market areas. IU pursued these strategies as discussed below.

4.6.1 Introduction Of New Promotional and Distribution Channels Into the Market

Most of the respondents stated that they had introduced new promotional and distribution channels into the market. From the respondents, the following factors influenced this important marketing choice: consumer behavior, intermediary cost, provider willingness to market the products, customer geographical dispersion and production cost to be incurred. Selective distribution was employed which involved producer using a limited number of outlets in a geographical area to sell products. An advantage of this approach is that the producer can choose the most appropriate or best-performing outlets and focus effort (e.g. training) on them. Selective distribution works best when consumers are prepared to "shop around" - in other words - they have a preference for a particular brand or price and will search out the outlets that supply. Respondents said that the institution had introduced the following new promotional and distribution channels into the market; brochures containing programs offered, adverts in print media ,holding career day and seminar to educate public ,geographical distribution through opening a new branch at Kiserian and its main campus. Respondents said that the new promotional and distribution channels had been influenced by the market coverage, buyers` behavior, cost of production, education background of the intended customer, aggressive promotional campaign initiated by competitors, among other.

4.6.2 Identification of New Geographical Markets

The management revealed that they had embarked on identifying new geographical market to cover the market fully. Respondents said that the institution was planning to cover the market across the country so that it can reach the remote location and serve the whole region making its product accessible. The study highlighted the following influence of new geographical markets namely: high cost of property acquisition around Nairobi, the need to serve increasing customer from upcountry, source of reputation and brand identity and lastly to wade off competitor.

4.7 Diversification Strategies Pursued By Inoorero University

Diversification strategy is where a company markets new products in new markets. This strategy takes a firm away from its current market, product or competences. It is risky since it requires both product and market development and may be outside the core competences of the firm. Discussed below are the diversification strategies IU pursued.

4.7.1 Businesses Related or Unrelated To Your Core Business

The respondents indicated that Inoorero University had entered into businesses that are related to its core business. On the new businesses at the university, respondents said that the University had entered in partnership with Enablis in providing entrepreneurship skills in projects and proposal development. Respondents gave the following factors that influenced the University into getting into related businesses; adequate physical and human resources, to exploit opportunity available and the need to increase revenue.

4.7.2 Business That Utilizes Company Cash Reserves and Staff Skills

Majority of respondents indicated that Inoorero University got into businesses that pool the company's cash reserves and staff skills. Most of the main products offered that is information and communication required massive investment in equipments and resource personnel to remain relevant. Technological change leads to high depreciation and obsolescence.

The company invested heavily in these products because the market is dynamic and large and will eventually proove profitable in the long run.

4.8 Other Growth Strategies Adopted By the University

Respondents said that growth at Inoorero University can be traced right from strategic alliances with JKUAT and other international universities which gave its present status. The university still offers degree programmes from other universities through these strategic alliances. Viewed that way, the University would most likely in future form strategic alliances with private middle level colleges to broaden its market share and overall market coverage.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings of the research, the conclusion and the recommendations of the study which sought to address strategic issues facing Inoorero University in its plan to increase its market share through growth strategy in a competitive market environment. It also provides implication of the study on policy and practice on growth strategies.

5.2 Summary of Findings

The study showed that Inoorero University was a market challenger with Business units both in a growing market with a high market share, and high market share in a mature market. In using the BCG growth-share matrix the School of Information and Communication Technology is the cash cow because it had a high relative market share and a high market growth rate. The growth strategy used in this group was cost leadership, pursuit of economies of scale, proprietary technology and other factors. The business unit with a high market share in a growing market, that is, a star, was the School of Business. Focus strategy was generally used here by seeking cost advantage through cost focus and differentiation focus. Product innovation, distribution innovation and intense advertising were also used. The business units with a low share in a declining market, that is, dogs, were on the verge of being liquidated because they were just a cash drain. The secretarial department was in this category.

In order to penetrate the existing market with existing products using Ansoff's market penetration growth strategies, majority of the respondents indicated that the institution made efforts to increase present customer's rate of purchase. Respondents said that in the face of increased competitive pressure, there was need to boost their revenue base and reduce operation cost through increased customer base. From the respondents, the university increased the rate of purchase through the following ways; setting up of a sales incentive program; asking for specific referrals and growing their brand identity.

The study also revealed that the university has had in the past promoted Brand Identity to the best effect of Inoorero University. This has made the university well known within the market area. Further, respondents said that brand was enhanced through participating in writing articles, letters to editors, offer expert input for reporters and publishers, conducting surveys, providing free services to key people, donating their time to worthy causes, sharing valuable ideas via email.

The study found out that the university had attracted a small percentage of non-user to use their products. The following methods were employed to attract them; Affordable pricing for their programs; Offering short term courses; Provision of bursary to needy students both continuing and new; and restructuring and spreading fee payment in installments; Enablis program for future entrepreneur; Partnership program with Family Bank to offer finance to students; and business program incorporating information technology. Respondents said that the management had a strong believe that attracting non-user will provide the following benefits including; Non-user will eventually become buyer of their products; Shield off and guard against competitors; and to further contribute towards overall cost reduction. The respondents felt that the institution did not make considerable effort to win competitors' customers. However, competitors' customers were always encouraged to try their products through; Affordable pricing for their programs; offering short term courses; Provision of bursary to needy students both continuing and new; and offering flexible tuition program that is evening and distance learning. Further, respondents listed the following products that were being offered to attract competitor's customers including: Evening and weekend programs; Open and distance learning; and online tuition. The study revealed that winning competitors' customers was viewed to reduce intense rivalry among the institution offering these services and capitalize on already overcrowded public institutions and absorb the huge number of high school leavers. In addition, the following influences were important; to increase revenue base to cater for growth in technology; to develop a launching pad for future attack; and to reduce unfair practices through frequent price cut.

In using Ansoff's product development growth strategies of marketing new products in existing markets, the institution offered products differentiated based on the job market need. Most of the respondents indicated that the institution had been developing new products targeting existing customers with a view of locking out competitors. Respondents said that customers' needs are the starting point in developing new products and therefore customer input is essential. Ideas were generated through brainstorming sessions and focus groups and then screened giving priorities to viable ideas which were later developed and introduced in the market. Other methods of developing new products used at the university included; Product modification- which involved altering the minor feature of the original product; Products relaunch-the products are directed to different or similar customer in the same market; and Product replacement –the product is completely withdrawn from the market. In addition, respondents agreed that the new product development to current customers had contributed to increased revenue base to cater for growth in technology and reducing unfair practices through frequent price cut and promotion war. Further they indicated that it was a launching pad for future attack. Most of the respondents indicated that the institution had been developing products that serve different needs for current customers. Respondents said that most of the products\programs are tailored to provide essential skills cutting across all industries. Program such as Bachelor of Commerce and Business Administration will provide a person with broad skills to work in management role in every company all over the world. I.T knowledge is now requisite in any working environment in this era of information revolution.

The university had used Ansoff's market development growth strategies of distributing existing products into new markets by introducing new promotional and distribution channels into the market. The institution employed selective distribution by using a limited number of outlets in a geographical area to sell products. An advantage of this approach is that the producer can choose the most appropriate or best-performing outlets and focus effort on them. From the respondents, the following factors influenced this important marketing choice: consumer behavior, intermediary cost, provider willingness to market the products, customer geographical dispersion and production cost to be incurred. Respondents said that the institution had introduced the following new promotional and distribution channels into the market; brochures containing programs offered, adverts in print media ,holding career day and seminar to educate public, geographical distribution through opening a new branch at Kiserian and its main campus. Respondents said that the new promotional and distribution channels had been influenced by the market coverage, buyers' behavior, cost of production education background of the intended customer, aggressive promotional campaign initiated by competitors, among other.

The study revealed that IU had embarked on identifying new geographical market to cover the market fully. Respondents said that the institution was planning to cover the market across the country so that it can reach the remote location and serve the whole region making its product accessible. The study highlighted the following influence of new geographical markets namely: high cost of property acquisition around Nairobi, the need to serve increasing customer from upcountry, source of reputation and brand identity and lastly to wade off competitor. In addition, the study revealed that Inoorero University was into businesses that are related to the core business. On the new businesses at the university, respondents said that the University had entered in partnership with Enablis in providing entrepreneurship skills in projects and proposal development. Respondents gave the following factors that influenced the University into getting into related businesses; adequate physical and human resources to exploit opportunities available and the need to increase revenue.

From the study, Inoorero University adopted Ansoff's diversification growth strategies of marketing new products into new markets when it got into businesses that pooled the company's cash reserves and staff skills. Most of the main products offered, that is, information and communication required investment in equipments and resource personnel to remain relevant. Technological change leads to high depreciation and obsolescence. The institution invested in these products because the market is dynamic and large and will eventually proove profitable in the long run. Finally the study found out that growth at Inoorero University can be traced right from strategic alliances with JKUAT which gave its present status. Viewed that way the University would most likely in future form strategic alliances with private middle level colleges to broaden its market share and overall market coverage.

5.3 Conclusion

The study made the following conclusion from the findings of the study; The study revealed that strategy formulation is the most crucial exercise in strategic planning. The committee team had distinct and clearly cut out roles, namely: identification of the major lines of business, establishment of critical success indicators, identification of strategic thrusts to pursue, and the determination of the necessary culture. It further noted that the goals and objectives for the organization must be developed through participation and inclusion of all stakeholders. Goals are statements of desired future end-states which are derived from the vision and mission statements and be must consistent with organizational culture, ethics, and the law. The study also further states that Goals should be action oriented, measurable, standard setting, and time bounded. Further, the study noted that for implementation to be successful the strategic plan must have the support of every member of the firm-this is why the top officer must be involved from the beginning. A company's leader is its most influential member. Positive reception and implementation of the strategic plan into daily activities by this office greatly increases the likelihood that others will do the same. The study also revealed that where organization failed to recognize the will, trust and support of the organizational employees the strategic plan may fail to materialize. The study can also conclude that Inoorero University applied business growth strategies including product differentiation, advertising, sales, product innovation and distribution innovation to further its growth.

5.4 Recommendations

Inoorero University should implement a strong integrated marketing communications plan. Without an integrated marketing communications plan, the company runs the risk of losing mindshare or sending mixed messages. The university should emphasize a "pull" marketing strategy by launching a campaign that promotes the university as one with a modern touch. With respect to revenue streams, this option will place Inoorero University in areas that are convenient for its target markets, who live in metropolitan area, by making it easy for them to come to the university and make purchase. Inoorero University should also capitalize on its high-value consumers, by staying in touch with them and encouraging them to return. The university should also implement product and brand extensions.

5.5 Areas for Further Research

Since this study adopted the interview method as the primary data collection method, the researcher suggests that a study be carried out using other methods of primary data collection to see whether there will be difference in the results.

This study was carried out in an institution from the education sector. Further studies should be carried out in companies from other sectors for comparison purposes.

5.6 Limitations of the Study

The study of growth strategies implemented by using the BCG and Ansoff matrices at Inoorero University had some limitations. Some of the weaknesses of using the BCG matrix included: Market growth rate is only one factor in industry attractiveness, and relative market share is only one factor in competitive advantage. The growth-share matrix overlooks many other factors in these two important determinants of profitability; the framework assumes that each business unit is independent of the others. In some cases, a business unit that is a "dog" may be helping other business units gain a competitive advantage; the matrix depends heavily upon the breadth of the definition of the market. A business unit may dominate its small niche, but have very low market share in the overall industry. In such a case, the definition of the market can make the difference between a dog and a cash cow. The Ansoff matrix did not focus on other strategic models that should be used in conjunction with it and not in isolation, like SWOT and PESTEL analysis, to view the complete strategic scenario Also, recommendations made on the basis on only one of the models are not concrete and lack in depth. The matrix does not take into consideration the factor of what stage in the life cycle, PLC Curve, the product is currently at, while objectively trying to analyze the best strategy for market entry.

5.7 Implication of the Research on Policy and Practice

While conducting the study on growth strategies at Inoorero University it has been noted that proper plans had to be laid down on how to meet objectives. The objective of IU to increase its market share meant more had to be done on market research, public relations and promotion activities so as to strengthen IU's brand. Growth was being conducted by diversifying product range, expanding regionally to enlarge the local catchment area, collaborations to increase student enrollment.

Adoption of growth strategies means availing finances. Sources of finance through internal generation and ploughing back of funds and borrowing long term is necessary.
In order to for the strategies to be effective IU had to create a niche market, innovation, good reputation, excellent networking ability, supportive board of directors, ability to influence educational policy. It is not the policies, but institutions that matter. Appropriate policies depend on local circumstances. Sustainable growth requires policy experimentation, that is, willingness to try unconventional solutions. Sustainable growth also requires ongoing institutional reform to maintain productive dynamism and increase resilience of a company to external shocks.

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Appendix 1

Letter of introduction

1st September 2010.

Inoorero University,
P.O.Box 60550- 00200,
Nairobi,
Kenya.

To Whom It May Concern,

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH PROPOSAL DATA.

I am a postgraduate student in the School of Business, University of Nairobi pursuing an MBA in Strategic Management. In partial fulfillment of the degree requirement, I am conducting a case study titled "Growth Strategies at Inoorero University, Kenya".

I kindly request for your assistance in completion of the attached interview guide to the best of your knowledge. The information you give will be used purely and solely for academic purposes and will be treated with utmost confidentiality.

Should you require a copy of the research paper, I will gladly oblige. Your assistance will be highly appreciated.

Thank you.

Yours faithfully,

Angela Wachira
MBA Student
School of Business
University of Nairobi

Dr. Zack Awino
Supervisor
School of Business
University of Nairobi

Appendix 2

Interview Guide

1. Please indicate your functional title ______________________________

2. Please indicate the number of years worked in the university _______________

3. What is your role in the formulation and implementation of strategy in the university?

4. What strategic position is Inoorero University pursuing?

Market leader (attain largest market share) _______________

Market challenger (attain largest market share and adopt aggressive pricing, delivery and promotional tactics) ________________

Market follower (maintain market share but adopt cautious marketing) ____________

Market nicher (offer specific products to only some specific markets) ____________

5. Please rank the various business units that you have in terms of relative market share and market growth rate.

a) Business unit in a growing market but without a high market share ____________

b) Business unit with a high market share in a growing market _______________

c) Business unit with a high market share in a mature market _______________

d) Business unit with a low market share in declining market _______________

6. What strategies are you pursuing for the business units in each of the above categories in question 10?

a) ____

b) ____

c) ____

d) ____

Market Penetration strategy is the name given to the growth strategy where the company focuses on selling existing products into existing markets.

7. Do you increase your present customer's rate of purchase? Yes/No __________

a. How do you increase your present customer's purchase rate?

b. What products do they purchase more frequently?

c. What is the influence of increasing your customer's purchase rate on your market share?

8. Have you attracted non-users? Yes/No ____________

a. How do you attract non-users?

b. What products have you established to attract non-users?

c. What is the influence of attracting non-users on your market share?

9. Do you encourage your competitors' customers to switch to your products? Yes/No _

a. How do you encourage them?

b. What products have you encouraged your competitors customers to switch to?

c. What is the influence of winning your competitors customers on your market share?

Product development strategy is where organizations deliver new products to existing markets.

10. Do you differentiate your product features? Yes/No ____________

a. How do you differentiate your product features?

b. What products have you differentiated their features?

c. What is the influence of differentiated product features on your market share?

11. Do you develop new products targeting current customers? Yes/No _____________

a. How do you develop new products to target current customers?

b. What products have you developed to target current customers?

c. What is the influence of new product development to current customers on your market share?

12. Do you develop products that serve different needs for current customers? Yes/No __

a. How do you develop products that serve different needs?

b. What products have you developed to serve different needs for current customers?

c. What is the influence of product development that serves different needs for current customers on your market share?

Market development strategy is where existing products are offered in new markets.

13. Do you introduce new promotional and distribution channels into the market? Yes/No

a. How do you introduce new promotional and distribution channels into the market?

b. What new promotional and distribution channels have you introduced into the market?

c. What is the influence of new promotional and distribution channels on your market share?

14. Do you identify new geographical markets? Yes/No _______________

a. How do you identify new geographical markets?

b. What new geographical markets have you identified?

c. What is the influence of new geographical markets on your market share?

Diversification strategy is where a company markets new products in new markets.

15. Do you get into businesses that are related or unrelated to your core business? Yes/No

a. How do you get into businesses that are related or unrelated to your core business?

b. What new businesses have you entered into?

c. What is the influence of getting into related or unrelated businesses on your market share?

16. Do you get into business that utilizes company cash reserves and staff skills? Yes/No

a. How have you gotten into businesses that pool your company's cash reserves and staff skills?

b. What businesses have you entered that pools the company cash reserves and staff skills?

c. What is the influence of getting into businesses that pool your company cash reserves and staff skills on your market share?

17. What other strategies has the university adopted in its growth process? (Joint ventures, strategic alliances, licensing, acquisitions and mergers)

Appendix 3

List of Universities in Kenya

Public Universities

1. University of Nairobi (UoN)
2. Moi University (MU)
3. Kenyatta University (KU)
4. Egerton University (EU)
5. Jomo Kenyatta University of Agriculture and Technology (JKUAT)
6. Maseno University (MSU)
7. Masinde Muliro University of Science and Technology (MMUST)

Public University Constituent Colleges

1. Kisii University College (EU)
2. Chuka University College (EU)
3. Kimathi University College of Technology (JKUAT)
4. Mombasa Polytechnic University College (JKUAT)
5. Kenya Polytechnic University College (UoN)
6. Pwani University College (KU)
7. South Eastern University College (UoN)
8. Meru University College of Science and Technology (JKUAT)
9. Multi-Media University College of Kenya (JKUAT)
10. Kabianga University College (MU)
11. Narok University College (MU)
12. Bondo University College (MSU)
13. Laikipia University College (EU)
14. Chepkoilel University College (MU)
15. Karatina University College (MU)

Chartered Private Universities

1. University of Eastern Africa. Baraton
2. Catholic University of Eastern Africa
3. Scott Theological College
4. Daystar University
5. United States International University
6. Africa Nazarene University
7. Kenya Methodist University
8. St. Paul's University
9. Pan Africa Christian University
10. Strathmore University
11. Kabarak University
12. Mount Kenya University
13. Africa International University
14. Kenya Highlands Evangelical University

Universities with Letters of Interim Authority

1. Kiriri Women's University of Science and Technology
2. Aga Khan University
3. Gretsa University
4. Great Lakes University of Kisumu
5. KCA University
6. Presbyterian University of East Africa
7. Adventist University of Africa
8. Inoorero University
9. The East African University

Registered Private Universities

1. Nairobi International School of Theology
2. East Africa School of Theology

Source: The Commission of Higher Education (2011), ***List of Universities***, www.http://che.or.ke/status.html.