

**STRATEGIC RESPONSES BY NATIONAL UNIVERSITY OF
RWANDA TO CHANGING ENVIRONMENTAL CONDITIONS**

By

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Declaration

Student's declaration

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

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Date: *1st November 2011*

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Supervisor's declaration

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

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TABLE OF CONTENTS

Declaration	ii
Dedication	v
List of abbreviations	vii
Abstract	viii
List of Figures	ix
List of Tables	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Strategic Responses.....	1
1.1.2 Organizational Environment	3
1.1.3 National University of Rwanda.....	4
1.2 Statement of the Problem	5
1.3 Research Objectives	6
1.4 Value of the study	6
CHAPTER TWO: LITERATURE REVIEW	7
2.0 Introduction	7
2.1 Organization Responses to Environmental challenges	7
2.2 Strategic Responses by Organizations	8
2.3 Concepts of Strategy and Strategic Management	10
2.4 Organizational Environment	12
2.5 Organizations and Environment.....	16
CHAPTER THREE: RESEARCH METHODOLOGY.....	18
3.1 Introduction	18
3.2 Research Design.....	18
3.3 Data Collection.....	18
3.4 Data Analysis	18

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....	19
4.0 Introduction	19
4.1 Respondents Profile	19
4.2 Characteristics of informants National University of Rwanda	19
4.3 Changes in the External Environment that have had an impact on NUR	20
4.3.1 Rwanda to switch from French to English.....	20
4.3.2 NUR acquired trust Status of self – Governing	20
4.3.3 Student’s bursary loan cancelation.....	21
4.3.4 Technology advancement.....	21
4.3.5 Competition within Rwanda Higher Education Sector.....	22
4.4 Strategic Responses by National University Rwanda	22
4.4.1 Organizational structure	23
4.4.2 Leadership style	24
4.4.3 Involvement and Participation of Employees	24
4.4.4 Training of Employees.....	25
4.4.5 Accommodation and Living cost Facility	25
4.4.6 Market Development strategy	26
4.4.7 Improvement of Income Generation Strategies	26
4.6 Challenges faced by NUR when Responding to Changes in the	27
External Environment	27
CHAPTER FIVE: SUMMARY, CONCLUSION AND	28
RECOMMENDATIONS.....	28
5.0 Introduction	28
5.1 Summary	28
5.2 Conclusion.....	29
5.3 Recommendation.....	29
5.4 Limitation of the study	30
5.5 Areas for further studies.....	30
REFERENCES.....	31
APPENDICES	33

Dedication

To my wife NABEZA Joselyne, thanks for your never ending encouragement and support without you, this book would have never been possible. Also thanks to my daughter INGABIRE Hope we are so proud of you.

Acknowledgement

The successful completion of this study could not have been achieved without the inspiration of God our father and giver of life. I also want to recognize the contribution of the following persons to whom I would like to acknowledge and express my sincere gratitude.

My special thanks go to my supervisor Dr GAKURU for his patience, continuous guidance, constructive criticism, advice and lots of encouragement throughout the period of this research project. Thank you for agreeing to supervise my work and accommodating me in your schedule. A big thank you to all member of the academic for their contribution and valuable ideas, my special thanks goes to Dr OGUTU Martin for his continuous advises and supports through my MBA studies.

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Finally I am grateful to my wife NABEZA Joselyne and my daughter INGABIRE Hope for their continued love, support and sacrifice in waiting for their husband and father during those many days out.

To all of you I owe the success and achievement of this milestone in my life.

May the almighty God bless you all.

List of abbreviations

- ACK: Anglican Church of Kenya
- BTC: Belgian Technical Cooperation
- CEO: Chief Executive Officer
- DRC: Democratic Republic of Congo
- EAC: East African Community
- EPLM: Ecole Pratique de Langue Moderne
- HE : Higher Education
- ICT: Information Communication Technology
- KOICA: Korea's International Cooperation Agency
- NUR: National University of Rwanda
- SFAR: Student Financing Agency for Rwanda
- SIDA: Swedish International Development Agency
- SPII: School of Public Health
- SSFR: Social Security Fund of Rwanda
- I2YBE: Twelve Year Basic Education

Abstract

Organizations are faced with myriad of challenges emanating from environment. In order for them to survive, strategies have to be developed to respond to the forces that threaten to halt survival. Companies that do not respond appropriately are usually phased out of business. Companies respond to the challenges in terms of devising cost low prices or on high quality product or services, differentiating the market or focus strategies. NUR has had its share of environmental impact from various sources.

The National University of Rwanda (NUR) is a Rwanda's state university, founded in November 1963, it is an institution of higher learning, with a mission to provide higher education, conduct research and offer services to the community. However, it is facing some challenges ranging from political, economical, social and technological change. The research design was a case study. The objectives of this study were to determine the strategic responses adopted by National University of Rwanda to environmental changes; and to establish the environmental changes affecting National University of Rwanda. Data was collected using an open ended questionnaire, and it was analyzed using content analysis.

The results of the study identified challenges that affecting NUR operations among such as increasing number of students population to meet the national strategic goals of vision 2020, changing the medium of teaching and learning from French to English, challenges of increasing in competitions within the education sector, and more importantly acquiring trust status, as a result of which public universities are now becoming self- governing, with little central control. The strategic responses adopted by NUR to mitigate the environmental conditions included restructuring and extending the organizational structure, organizational leadership, involvement and participation of employees, training of employees, students accommodation and living costs facility, market development strategy and improve income generation through launching more masters targeting key market, setting campuses in key geographical market segments, enhancing research and consultancy, outsourcing and establishing an effective management accounting systems.

List of Figures

Figure 1: Layers of business environment	12
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List of Figures

Figure 1: Layers of business environment	12
--	----

List of Tables

Table 1: Ansoff's Product – Market Expansion Grid	10
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

To deal effectively with everything that affects the growth and profitability of a firm, executive employ management processes that they feel will position it optimally in its competitive environment by maximizing the anticipation of environmental changes and of unexpected internal and competitive demands.

Ansoff (1987) noted that the environment is constantly changing. This therefore makes it necessary for organizations to constantly align and re-align various activities in order to survive in this turbulent environment. The organization need to formulate and implement strategies that will enable them to plan and act on future eventualities. Strategy formulation therefore guides the actions and decisions made by an organization and helps them achieve long term survival and prosperity.

1.1.1 Strategic Responses

The evolving nature of a company's strategy means that the typical company strategy is a blend of proactive actions to improve the company's financial performance and secure a competitive edge and as needed reactions to unanticipated developments and fresh market conditions (Thompson, Strickland and Gamble 2007). They further state that the biggest portion of a company's current strategy flows from previously initiated actions and business approaches that are working well enough to merit continuation and newly launched initiatives aimed at boosting financial performance and edging out rivals.

William. James and Hegarty (2007) state that the role of strategy is to identify how the company will cope with its ever – changing and tough environment, to prescribe initiatives and other actions that the company will take to win its desired position in that turbulent setting, and to articulate a dominant mission that will be the focus around which diverse company activities can be integrated.

Abdullahi (2000) argue that if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment, especially such relevant groups as customers, competitors, consumers, suppliers, creditors and government and how they impact on its operations success is dependent on productivity, customer satisfaction and competitor strength. Effective strategy may enable a business to influence the environment in its favor and even defend itself against competitors.

Ansoff and McDonnell (1990) pointed out that the success of every organization is determined by the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level of turbulence. This is because each level of environmental turbulence has different characteristics, requires different strategies and requires different firm capabilities. Therefore, each level of environmental turbulence requires a matching strategy and the strategy has to be matched by appropriate organizational capability for survival, growth and development. Being ahead of the game requires that the firm employ competitive strategies that is sustainable and assures them of their market position.

To survive in a dynamic and highly competitive business environment, different organizations have had to engage various strategies to survive. One such strategy is the corporate turnaround strategy. A turnaround situation is one of pointing out to a new direction. It is a complete change in strategic direction of a firm after it has faced a corporate distress. Such a situation can easily lead to collapse of a company unless a plan of corporate survival renewal is devised and successfully executed. The starting point is identification of the cause or causes of the crisis. Turnaround strategies are used when a business worth resuming goes into corporate crisis (Pearce and Robinson 1997).

To be successful overtime, an organization must be in tune with its external environment. There must be a strategic fit between the environment wants and what the firm need and what the environment can provide (Wheelen and Hunger, 1995). The speed or response time to the environment challenges has been identified (Pearce and Robinson, 2005) as a major source of competitive advantage for numerous firms in today's intensely competitive global economy. It's thus imperative to quickly adjust and formulate strategies so as not to be overtaken by events.

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1.1.2 Organizational Environment

All organizations are environment serving. They depend on the environment for their inputs and outputs. Ansoff and Mc Donnell (1990) observed that environmental serving organizations are in constant two way interaction with the environment. They take an assortment of resources from the environment, add value to them and deliver back to the environment.

The environment is what gives organizations their means of survival. In private sector, satisfied customers are what keep an organization in business; in the public sector, it is government, clients, patients or students that typically play same role. However, the environment is also the source of threats (Johnson, Scholes and Whittington, 2008). Therefore, it is vital that managers analyze their environments carefully in order to anticipate and - if possible - influence environmental change.

Pearce and Robinson (2002), state that a host of external and often largely uncontrollable factors influence a firm's choice of direction and action and ultimately, its organizational structure and internal processes. These factors, which constitute the external environment, can be divided in two interrelated subcategories: those in remote environment and those in the more immediate operating environment. The remote environment is composed of a set of forces that originate beyond and usually irrespective of any single firm's operating situation that is, Political, Economic, Social, Technological, and Industry factors. It presents opportunities, threats, and constraints for the firm.

Bateman and Zeithaml (1993), state that all organizations are affected by the general component of the macro environment. They explained that each organization functions in a closer, more immediate task environment. The task environment comprises of the specific organizations with which the organization directly interact.

The environment is viewed as constantly turbulent therefore organizations need to align themselves to these changes in order to remain competitive in the industry. The changes in macro environment tend to impact on all organizations within an industry and sometimes also within the markets served by the industry.

These changes can determine the level of competitiveness with an industry. According to the systems view (Bartol and Martin, 1991), an organization is likely to be more successful if it operates as an open system that continually interacts with and receives feedback from the external environment.

1.1.3 National University of Rwanda

The National University of Rwanda (NUR) is a Rwanda's state university, founded in November 1963 as an institution of higher learning, with a mission to provide higher education, conduct research and offer services to the community.

NUR is the oldest and largest public institution of higher education (HE) in Rwanda. Moreover it is the only broadly based university, covering a wide range of disciplines - unlike the more recently established specialist institutes which operate with a much narrower range of subjects. The combination of age and size means that NUR graduates dominate many of the professions in Rwanda. The University is located in the Southern Province, 150 km south of the capital city of Kigali. It was the only publicly funded university until the 1990's. Before the 1994 war and genocide, it had three campuses in Butare, Kigali and Ruhengeri. After 1994, because of resource constraints, the three campuses merged into one campus in Butare. The University was closed during the genocide and reopened in March 1995. Since the reopening of NUR in 1995, 8,747 students have graduated from NUR. With over 10,000 students registered year 2010, NUR has over one third (1/3) of the total student population in all the higher education institutions in Rwanda.

NUR is currently having seven faculties, two schools and six centers. NUR has also ten postgraduate programs. However, it is facing some challenges among such as increasing number of students population to meet the national strategic goals of vision 2020, changing the medium of teaching and learning from French to English, challenges of increasing in competitions within the education sector, and more importantly acquiring trust status, as a result of which public universities are now becoming self-governing, with little central control (National University of Rwanda manual, for Strategic Plan and Business Plan 2008 - 2012), (2008).

1.2 Statement of the Problem

Strategic responses can be seen as the matching of the activities of the organization to the environment in which it operates. Strategic responses affect the long term direction of an organization and require amounts of resources. It is aimed at achieving advantage for the organization and as such it is concerned with the scope of the entire organizations activities (Johnson and Scholes, 1999). The environment is rapidly changing making it imperative for organizations to continually adapt their activities in order to succeed. To survive in dynamic environment, their strategies need to focus on their customers and deal with emerging environmental challenges. This is necessary because they are environment serving (Ansoff, 1987). Pearce and Robinson (1997) argue that response is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objectives. It is thus the reaction to what is happening in the environment of the organization.

The NUR, like any other organizations, is environment dependent. They rely on both internal and external environment to carry out their activities. They have to constantly understand the changes taking place in the environment for them to survive. To capitalize market opportunities, they have to continuously adjust their ways of doing business to match the changes due to the intense competition. The nature of changes taking place in the environment affects the organization future business. The NUR has experienced many challenges ranging from Political / Legal, Economical, Social and Technological changes. Hence, the need to investigate on strategic responses adopted to these changes.

Various researches on strategic responses to environmental changes have been done and of them were applied to Kenyan companies. For instance, Kombo (1997), studied strategic responses by firms facing changed environmental conditions but focused on motor vehicle franchise holders in Kenya. Abdullahi (2000) carried a research on strategic responses adopted by Kenyan insurance companies. Abong'o (2007), studied responses adopted by private universities in Kenya to copy with the changing higher education environment. Recently, Gichumbi (2008), undertook a study on strategic responses by NSSF to changing environmental conditions in Kenya. The above studies have focused on various industries and sectors in Kenya but none of the theme has gone beyond Kenyan boundaries. It is in

this light that this study seeks to fill the existing gap in this area of study by establishing the environmental changes and determining the strategic responses adopted by National University of Rwanda to changing environmental conditions. Correct alignment helps a firm maximize the economic benefits from resources, improve the effectiveness of operations, and boost the fulfillment its strategic goals. How have the firms responded to these challenges?

1.3 Research Objectives

The study will be guided by the following objectives:

- i) To determine the strategic responses adopted by National University of Rwanda to environmental changes;
- ii) To establish the environmental changes affecting National University of Rwanda.

1.4 Value of the study

The findings of this study will be useful to management and staff of NUR by providing insights on how organizations can adapt and respond to turbulence in environmental conditions. To provide useful information to other Universities of the region that can allow comparative analysis on strategic responses to environmental challenges. It will also contribute to existing academic literature in the field of strategic management. It will also be a guide to further research in the field of change management and formulation and implementation of strategies in organizations.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter defines and discusses in detail the principal concepts of the study such as strategic responses, strategy and strategic management concept, layers of business and the interaction between organization and environment.

2.1 Organization Responses to Environmental challenges

An effective response is based on shifting a challenger's expectations. Porter (2004) state that a firm must respond in some way to an attack as early as possible, because a challenger's exit barriers and commitment will grow as it meets its early targets and makes incremental investments. He further argues that response can often be used to gain position rather than just to stop a competitor. The environment dependence phenomenon thus postulates that whenever environmental changes occur, they create pressure in the organizations strategy as well as the internal capability. The organization then needs to make several adjustments if it has to sustain its survival overtime. Thus the external environment has changed one would expect changes in strategies and internal capabilities of the organization (Ansoff and McDonnell, 1990).

Strategic responses involve changes to the organizations' strategic behavior to assure success in transforming future environment. Such responses may forms depending on the organizations' capability and environment in which it operates. Well – developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge.

Organizations and their environments are not static. Organizational objectives can change or operational behavior can evolve. That is circumstances change, organizational structures must also be able to change, disappear or grow (Ansoff and McDonnell, 1990).

2.2 Strategic Responses by Organizations

The significance of any strength or weakness a firm possesses is ultimately a function of its impact on relative cost or differentiation (Porter, 2004). Pearce et al (2010) state that any long term strategy should derive from a firm's attempt to seek a competitive advantage base on one of three generic strategies: striving for overall low-cost leadership in industry, striving to create and market unique products for varied customer groups through differentiation, and striving to have special appeal to one or more groups of consumer or industrial buyers, focusing on their cost or differentiation concerns. While the need for the firms to develop generic strategies remains an unresolved debate, designers of planning systems agree about the critical role of grand strategies. Pearce et al (2010) argue that grand strategies, often called master or business strategies provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed toward achieving long – term business objectives.

Several theories have been advanced to describe the relationships between environment and appropriate strategic responses. Organizations do not operate in vacuum rather they operate within the setting of a large system which constitutes the environment, which generally refers to the surroundings, circumstances and influences on individuals or organizations either as a benefit or constraint. Strategic responses involve changes to the organizations behavior. These responses may take many forms depending on the organizations capability and the environment in which it operates. Good strategic response puts an organization at a vantage point in its sustenance of the competitive edge.

Organizational structure is one of the strategic responses to the environmental turbulence. The strategic restructuring process encompasses internal self- assessment to identify the non- core and core business. This restructuring or reorganization is intended to create value to the external customers and therefore improve its service delivery. It reduces fragmentation by crossing traditional departmental lines and reducing overhead to compress formerly separate steps and tasks that are strategically intertwined in the process of meeting customer needs (Ansoff, 1987). A well done restructuring, enables all departments to the process feel heard, understood, and include. The process should not drag out indefinitely, should be organized and fruitful. The road to implementation should be

clear to everyone involved, and the new or restructured organization should move forward with confidence and optimism after matching structure to strategy.

Organizational leadership involves guiding the firm to deal with change. It requires the chief executive officer to embrace change by clarifying the strategic intent that build the organization and shape their culture to fit with opportunities and challenges. Change has become an integral part of what leaders and managers deal with daily. Management is to galvanize commitment within an organization (Pearce and Robinson, 2003). Leadership has become important in the recent years in that business has become more competitive and more volatile. Major changes are more necessary to survive and compete effectively in this new environment. More changes will always demand more leadership.

Turnaround strategy; a turnaround situation represents absolute and relative – to – industry declining performance of a sufficient magnitude to warrant explicit turnaround actions. Turnaround has been used to revive firms that have declining profits over a period of time. This type of strategic response typically concentrated more on cost reduction and asset reduction. The main causes that lead to turnaround situation in business severity are both internal factors and external factors. According to Pearce et al (2010) turnaround responses among successful firms include two stages of strategic activities: retrenchment and recovery response. Retrenchment consists of cost – cutting and asset – reducing activities to stabilize the firm's financial position. Recovery response is associated with firms whose decline is primarily as a result of external problems. Firms with internal problems have to improve their internal inefficiencies to recover.

Marketing strategy as response is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. An excellent way to analyze marketing as a strategic response is to use the product – market expansion grid by Ansoff (1957). The company first considers whether it could gain more market share with its current product in their current markets (market-penetration strategy). The next is whether it can find or develop new markets for its current products (market-development strategy). It then considers whether new products of potential interest to current markets (product- development strategy) and finally review opportunities to develop new products for new markets (diversification strategy).

Table 1: Ansoff's Product – Market Expansion Grid

	Current Products	New Products
Current Market	Market-penetration strategy	Product-development strategy
New Market	Market-development strategy	Diversification

Source: Gerry Johnson, Kevan Scholes and Richard Whittington, (2008). *Exploring Corporate Strategy*, 8th Edition, Prentice Hall, British, Page 258

Diversification is a form of growth marketing strategy for a company. It seeks to increase profitability through greater sales volumes obtained from new products and new markets, often described as economies of scope, by contrast to economies of scale. Diversification growth strategy makes sense when good opportunities can be found outside the present business. A good opportunity is one in which the industry is highly attractive and the company has a mix of business strengths to be successful.

The company could seek concentric diversification for new products that have technological or marketing synergies with existing product lines. The company can also pursue horizontal diversification through new products technologically unrelated to its current product line but appeal to current customers. This strategy tends to increase the firm's dependence on certain market segments. Finally the company might seek new businesses that have no relationship to its current technology, or markets thus conglomerate diversification strategy in order to improve the profitability and flexibility of the company (Kotler, 2003).

2.3 Concepts of Strategy and Strategic Management

The words' strategy and strategic management are typically associated with issues like the long-time direction of an organization, the scope of an organization's activities, and advantage for the organization over competition, strategic fit with the business environment and the organization's resources and competences. Pearce II, Robinson and Amita (2010), by strategy managers mean their large-scale, future oriented plans for interacting with the

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competitive environment to achieve company objectives. A strategy is a company's game plan.

Johnson, Scholes and Whittington (2008), defined strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Richard Hall (2008), state that strategy means defining where you want to get and then providing a route map to show how you are going to get there. Mintzberg, Lampel, Quinn and Ghoshal (2003) defined strategy as the creation of unique and valuable position, involving a different set of activities.

Aosa (1992), stated that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. He explained a strategic problem as mismatch between internal characteristics of an organization and its external environment. Matching is achieved through development of core competences, and organizational strengths that correlate to the external environment well enough to overcome the threats posed and to exploit the available opportunities in the environment. Strategy therefore is the match between an organization's resources and skills, and the environmental opportunities and risks it faces and the purpose it wishes to accomplish (Schendel and Hofer, 1979). The term strategic management underlines the importance of managers with regard to strategy. Strategies do not happen just by themselves. Strategy involves people, especially the managers who decide and implement strategy.

Strategic management is defined as a set of decisions and actions that result in action, that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce et al, 2010). Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its objectives (Fred R. 1997). Strategic management, therefore, combines the activities of the various functional areas of a business to achieve organizational objectives.

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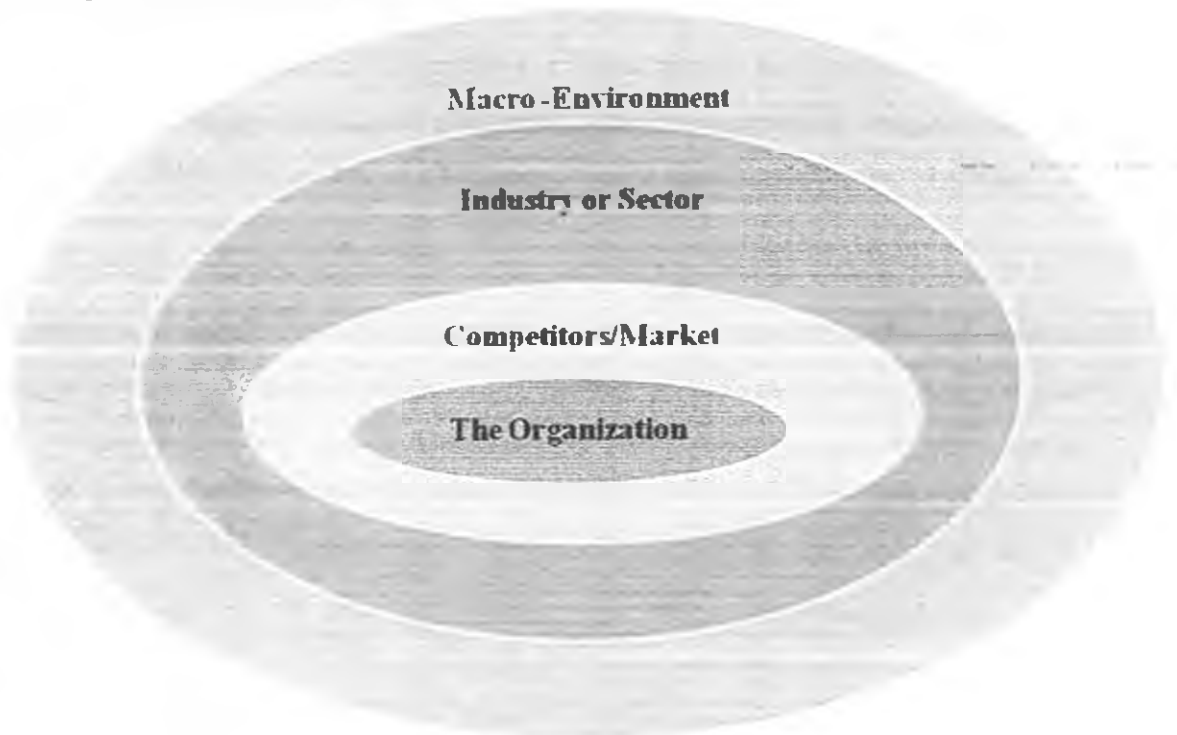
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2.4 Organizational Environment

Managers are not prepared to act wisely in steering a company in different direction or altering its strategy until they have a deep understanding of the pertinent factors surrounding the company's situation (Thomson et al 2007). The frameworks for analyzing changing and complex organizational environment are organized in series of layers as explained by the diagram below.

Figure 1: Layers of business environment



Source: Gerry Johnson, Kevan Scholes and Richard Whittington. (2008). *Exploring Corporate Strategy*. 8th Edition. Prentice Hall, British. Page 54.

The macro – environment is the highest – level layer. This consist of broad environmental factors that impact to a greater or lesser extent on almost all organizations. Pearce, Robinson and Mital (2010) argue that the remote environment comprises factors that originate beyond, and usually irrespective of, any single firm's operating situation PESTEL.

PESTEL stands for Political, Economical, Social, Technological, Ecological and Legal. Politics highlights the role of governments. The political factor defines the regulatory parameters within which an organization must operate. The political environment is concerned with legislative and regulatory activities and their effects on the industry.

Economics refers to macro – economic factors such as exchange rates, business cycles and differential economic growth rates around the world. The Economic environment is concerned with the nature and direction in which the firm operates. It is characterized by factors that affect supply, demand, growth, competition and profitability within the industry. Bateman and Ziethaml (1993) noted that the economic environment dramatically affects companies' ability to function effectively and influences their strategic choices. They state that interest and inflation rates affect the availability and cost of capital. In addition, unemployment rates affect labor availability.

Social influences include changing cultures and demographics. The Social Culture, according to Bartol and Martin (1991), is the element of the environment that includes attitudes, values, norms and beliefs. These in turn affects how people act and behave. Campbell et al (2002) pointed out that culture can affect consumer tastes and preferences, attitudes to work, attitudes to education and training, attitude to corruption and ethics, attitudes to credit as well as attitudes to the social role of business in society. The Demographic element is an important element in the environment. Demography can be defined as the social science concerned with the charting of the size and structure of population of people. The size of the population will obviously be a determinant of the size of the workforce and potential size of the markets.

Technological influences refer to innovations such as internet, nanotechnology or rise of new composite materials. Ansoff and McDonnell (1990) describe technology as a driving force which frequently determines the strategic future of a firm. They explain that failure to recognize in time impending technology substitution can result in major loss of market share or cause a firm to leave an industry in which it enjoyed a profitable existence. Technology therefore can serve as a major and powerful tool through which a firm can gain and maintain competitive advantage.

Ecological factors refer to the relationships among human beings and other living things and the air, soil, and water that support them. Threats to our life – supporting ecology caused principally by human activities in an industrial society are commonly referred to as pollution. Specific concerns include global warming, loss of habitat and biodiversity, as well as air, water, and land pollution.

Legal embraces legislative constraints or changes, such as health and safety legislation or restrictions on company mergers and acquisitions. Management ability to act on the basis of changes in environmental factors is limited not only by its available resources and its perceptions of the need for change by various legal and governmental restrictions (McCarthy et al 1996). Organizations must therefore be aware of both laws and attitudes of governmental bodies if they are to avoid conflicts and for prosperity in their privileged status

Designing viable strategies for a firm requires a thorough understanding of the firm's industry and competition. Industry is defined as a group of firms producing the same principal product or, more broadly, a group of a firms producing product that are close substitutes for each other (Johnson et al 2008). Porter (1980) contends that a corporation is most concerned with the intensity of competition within its industry. The level of this intensity is determined by basic competitive forces, which are threat of new entrants, threats of substitute products or services, rivalry among existing firms, bargaining of power of buyers and bargaining power of suppliers.

New entrants to an industry typically bring to it new capacity, a desire to gain market share, and substantial resources. The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitors that the entry can expect. Wheel and Hunger (2008) state that an entry barrier is obstruction that makes it difficult for a company to enter an industry. Some of the possible barriers to entry are: Economies of scale, Product differentiation, Capital requirements, Switching costs, Access to distribution channels and Government policy.

A substitute product is a product that appears to be different but can satisfy the same need as another product. According to Porter (1980), substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge. To extent that switching costs are low, substitutes may have a strong effect on industry.

In most industries, corporations are mutually dependent. A competitive move by one firm can be expected to have a noticeable effect on its competitors and thus may cause relation or counter efforts. Porter (1980) further states intense rivalry is related to the presence of several factors, including number of competitors, rate of industry growth, product or service characteristics, amount of fixed costs, capacity, height of exist barriers and diversity of rivalry.

Bargaining power of buyers, affect industry through their ability to force down prices. Bargaining for higher qualities or more services play competitors against each other. A buyer or a group of buyers is powerful if some of the following factors hold true: a buyer purchases a large proportion of the seller's product or service, a buyer has a potential to integrate backward by producing the product itself, alternative suppliers are plentiful because the product is standard or undifferentiated, changing suppliers costs very little, a buyer earns low profits and is thus very sensitive to costs and service differences and the purchased product is unimportant to the final quality or price of buyer's products or services and thus can be easily substituted without affecting the final product adversely.

Suppliers can affect an industry through their ability to raise prices or reduce the quality of purchased goods and services. A supplier group is powerful if some of the following factor apply: the supplier industry is dominated by few companies, but it sells to many, its product or service is unique and/or it has built up switching costs, substitutes are not readily available, suppliers are able to integrate forward and compete directly with their present customers and a purchasing industry buys only a small portion of the supplier group's goods and services and is thus important to the supplier.

An industry or sector may be too high a level to provide for a detailed understanding of competition. The five forces can impact differently on different kinds of players. Many industries contain a range of companies each, of which has different capabilities and competes on different basis. These competitor differences are captured by the concept of

strategic groups. Customers too can differ significantly. Such customer differences can be captured by distinguishing between strategic customers and ultimate consumers and between different market segments. According to Johnson et al (2008), strategic groups are organizations within industry or sector with similar strategic characteristics, following similar strategies or competing on similar basis. These characteristics are different from those in other strategic groups in the same industry or sector. The concept of market segment focuses attention on differences in customer needs. Johnson et al (2008) further argue that a market segment is a group of customers who have similar needs that are different from customer needs in other parts of the market.

The operating environment, also called the competitive or market environment, comprises factors in the competitive situation that affect a firm's success in acquiring needed resources or in profitably marketing its goods and services. Among the most important factors are the firm's competitive position, the composition of its customers, its reputation among suppliers and creditors, and its ability to attract capable employees.

2.5 Organizations and Environment

The firm is a part of its environment. It interacts with the environment both as a receptor of signals from the environment and transmitter of signals to it (John D. Stoffels 1994). All organizations are environment serving. They depend on the environment for their inputs and outputs. Ansoff and Mc Donnell (1990) observed that environmental serving organizations are in constant two way interaction with the environment.

They take an assortment of resources from the environment, add value to them and deliver back to the environment. Bateman and Zeithaml (1993) stated that all organizations are affected by the general component of the macro environment. They explained that each organization functions in a closer, more immediate task environment. The task environment comprises of the specific organizations with which the organization directly interact.

Ansoff's Strategic Success hypotheses states that a firm's performance is optimum when three conditions are met. These are: the aggressiveness of the firm's strategic behavior matches the turbulence of its environment; the responsiveness of the firm's capability

matches the aggressiveness of its strategy; and the components of the firm's capability must be supportive of one another (Ansoff and McDonnell 1990). It is therefore critical for any organization to ensure that they have strategies in place that will match the turbulence in the external environment. These strategies are useful in ensuring that the firm does not get overwhelmed when the environment changes and hence it remains relevant in the industry.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the research design that was used to achieve the objective of the study which is to establish the environmental changes affecting National University of Rwanda and to determine the strategic responses adopted to its environmental changes.

3.2 Research Design

The research design was conducted through a case study method. The aim will be to equip the researcher with in-depth information on how NUR as an organization responds to turbulence in the external environmental conditions. The case study will be an appropriate research design as it will undertake in-depth analysis of NUR as a unit hence will facilitate intensive study of the same.

3.3 Data Collection

Primary and secondary data were collected for the study. The primary data was gathered using the interview method. The respondents were randomly selected from top and middle management positions of NUR. Secondary data was derived from strategic management reports and other various statutory reports. The relevance of these data was to provide information on strategies that NUR uses to survive turbulence in the business environment in which it operates.

3.4 Data Analysis

The content analysis technique was used to analyze data. The findings emerging from the analysis were used to compile this report. Content analysis is defined as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to related trends (Nachmias and Nachmias, 1996). The qualitative method was used to uncover and understand what lies behind the phenomena under study.

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CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.0 Introduction

This chapter discusses the findings of the study based on the analysis and interpretation of primary data collected from the top management of the National University of Rwanda interviewed. The research objectives were to determine the strategic responses adopted by National University of Rwanda to environmental changes and establish the environmental changes affecting National University of Rwanda.

4.1 Respondents Profile

The respondents in this case were the Rector of the National University of Rwanda, Vice-Rector in charge of Academic affairs, Vice-Rector in charge of Administration and Finance and the Head of Planning and Development officer. These seniors level management were selected because of their vast knowledge on operational and strategic management issues of the institution. All the respondents are based at the university's headquarters – National University of Rwanda main campus. The results of the interview were then analyzed and presented below.

4.2 Characteristics of informants National University of Rwanda

To get in depth of this study the top management of NUR was targeted "The Executive Committee" The committee which is responsive to senate for: Strategy and policy guidance with regards to university developments. Monitoring, performance of Faculty and service divisions. Monitoring and conformation of executive decisions. From the study population target, all individual were interviewed and all have responded which constitute 100% of response rate.

4.3 Changes in the External Environment that have had an impact on NUR

The study sought to find out whether there were major changes in the operating environment of NUR: according to responses derived from the study, the changes that have taken place and have had a significant impact on the operation of the NUR were from political, social – economics and technological environment.

4.3.1 Rwanda to switch from French to English

In 2008, the Government of Rwanda announced that English has become the language of instruction in schools replacing French. Officially the move is intended to strengthen Rwanda's ties to its English-speaking east African neighbors, including Uganda, Kenya and Tanzania, with which it does much of its trade.

The turn of Rwanda, as a country from French to English speaking country affected the country's entire education system and the National University of Rwanda in particular at the level of medium of teaching and learning language. The sole language of teaching before that change was French then, the shift to education solely in English affected NUR because majority of its staff were French background.

4.3.2 NUR acquired trust Status of self – Governing

The political operating environment change that affected also the National University of Rwanda is the fact of acquiring trust status, as a result of which NUR has now becoming self-governing, with little central control. The implementation of this change resulted of cutting down on government budget allocated to NUR.

In the same above reason; it was found from study that NUR infrastructure funding from government was falling gradually and the response to this gradual change was to increase donor funds by enhancing good cooperation with international organizations such as Swedish International Development Agency (SIDA), Korea's International Cooperation Agency (KOICA), Belgian Technical Cooperation (BTC) and which support NUR by constructing classes, offices and laboratories.

4.3.3 Student's bursary loan cancelation

NUR has experienced the social political change that is of student bursary loan cancelation granted by the government in partnership with the Social Security Fund of Rwanda (SSFR) and the Student Financing Agency for Rwanda (SFAR) which covered students' accommodation and living expenses. This cancelation threatened the academic future of many students who were dependent on government financial assistance.

The education budget has been shortened and the government decided that students must accommodate on their own. The money they were given by SFAR was allocated to develop newly implemented education policy like Twelve Year Basic Education (12YBE) and technical education training.

4.3.4 Technology advancement

NUR like any other institution is facing the challenge of new technology advancement especially in Information Systems where, new management information software has been developed to sort out problems such as student records and Registry procedures. This change has been transforming operations with on-line registration, advice and transcript issuing capabilities.

Information Communication Technology (ICT) has contributed to major changes in how NUR organize itself internally and externally. The most significant of these changes is NURs' capacity to network among departments and individuals such as sharing information, coordinating activity, performing operations in real time, networking among other universities and between NUR and consumers.

The ICT allows NUR for greater flexibility and networking that emphasizes interdependence, interaction, and constant adaptation to an ever-changing environment. New information technologies facilitate the decentralization of work tasks and their coordination in an interactive network of communication in real time.

4.3.5 Competition within Rwanda Higher Education Sector

The researcher wanted to know on how NUR has been affected by competition, the interviewees intimated that the company has been affected by competition to a very great extent due to entry of low cost local carriers and entry of international carriers from the East African Community (EAC) and from Middle East, that have invaded the NUR's market share which has forced the institution to reduce its fares resulting into lowered profitability. On the other hand, the interviewees indicated that competition has enhanced service delivery by providing high quality of education and enhanced a good service to all NUR stakeholders so as to enhance the company's competitive position. Competition has also led to research and innovation e.g online registration, e-learning.

Porter (2004) pointed out that a corporation is most concerned with the intensity of competition within its industry. Actually, NUR is more concerned with the intense competition within Rwanda Higher Education Sector. Many players Local, Regional and International universities such as Mount Kenya University, Kampala International University, Business School of London and among many other local universities have entered the market.

4.4 Strategic Responses by National University Rwanda

Good strategic response puts an organization at a vantage point in its sustenance of the competitive edge. William, James and Hegarty (2007) state that the role of strategy is to identify how the company will cope with its ever – changing and tough environment, to prescribe initiatives and other actions that the company will take to win its desired position in that turbulent setting, and to articulate a dominant mission that will be the focus around which diverse company activities can be integrated.

The study established that NUR has a vision and mission. The vision is “To become an innovative, world class and self-sustainable University that is responsive to national, regional and global challenges” while its mission is “To generate and disseminate high quality multi-disciplinary knowledge and promote effective research, skills training and community service for national competitiveness and sustainable socio-economic

development". The vision for the institution is communicated through corporate strategic plan and performance contracts, seminars and training, notice board, NUR brochures and its website. The vision is placed at strategic places accessible to employees and the public as well.

From the study it came out clear that the strategic response adopted by NUR in achieving standard quality education is consistent with Rwanda vision 2020. The study revealed that NUR had made arrangements to mitigate the consequences of its environmental changes. The next following sections of this chapter explain how NUR responded to the environmental changes.

4.4.1 Organizational structure

Organizational structure is one of the NUR strategic responses to the environmental turbulence. NUR administrative departments have been restructured and extended in order to impose sensible and coherent policy requirements, which the University had started to implement. The strategic restructuring process encompasses NUR internal self- assessment to identify the non- core and core business.

The researcher wanted to know from the respondents whether NUR structure is flexible to accommodate any strategic responses due to any environmental change. From the study it was found that structure is used as a major tool to support strategy implementation in way that a clear structure of management and appropriate line managers of authority open lines of communication between NUR managers and employees. An organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of NUR aims. It is also considered as the viewing glass or perspective through which managers and employees see their organization and its environment.

Unlike other companies that engaged massive layoffs, NUR resorted to engaging a firm of professional consultants to advice on the appropriate organization structure. The consultant advised that some key areas were understaffed while some other areas were overstaffed.

The firm responded by hiring to fill in the understaffed areas, reorganization with some staff going to newly campuses instead of hiring for those areas and attrition.

4.4.2 Leadership style

Organizational leadership involves guiding the firm to deal with change. It requires the chief executive officer (CEO) for this case Rector, to embrace change by clarifying the strategic intent that build the organization and shape their culture to fit with opportunities and challenges (Pearce and Robinson, 2003). Top management played leading role in the change process and was very keen to see it succeed, active top management and commitment are essential to success of any implementation of NUR strategic implementation.

The Rector of the university (CEO) was the figure head / champion of the change process, guiding and orchestrating the flow of change, through the steering committee such as executive committee and management committee. Senior managerial active participation tends to increase the chance of strategic responses success.

4.4.3 Involvement and Participation of Employees

Employee's involvement and participation was noted as very vital factor to the successful implementation of any strategic response by NUR to environmental challenge and especially in situations that require change of attitude. To increase the chance of success, employees had to be involved in all stages of the strategic implementation. The employees were involved to a large extent through project teams, steering committees and working groups.

Involving staff at all level in strategic implementation helps to increase each person motivation hence, the chance of success in responding to any environmental change. Top managers incorporated different work groups in the strategic responses process to ensure people participate and bring in ideas. The groups include the consultative committees made up Deans of faculties, Head of units and Centers, Steering committee comprise of senior managers (executive committee and management committee). Each was assigned a role to play to ensure the success and the fitness of NUR to external environment.

4.4.4 Training of Employees

Intensive training of NUR employees especially in English was the strategic response to the fact of dropping French for English in education system. NUR has established school of modern language (EPLM) which stands as "Ecole Pratique de Langue Moderne" from which academic and non-academic staff have to learn English during non- working hours. And all new coming students have to spend about six months before starting their respective faculties by learning English.

In addition, NUR have had a partnership with Anglican Church of Kenya (ACK) especially English center language where academic staff is continuously trained in English in order to improve their English speaking, listening and writing. Proper education and appropriate training are important ways to increase the success of any strategy adopted. General view across all respondents was that an elaborated training program has been put in place to equip the employees with new skills and competences that were necessary for the success of any strategic responses to become a reality.

4.4.5 Accommodation and Living cost Facility

Student bursary loan cancelation has threatened the academic future of many students who were dependent on government financial assistance. NUR to respond to this fact has reformulated the accommodation regulations by reducing the accommodation fee in order to facilitate and attract more students. On the other hand, NUR has negotiated for friendly living cost fees and stands as a guarantee for student's payment of restaurant service. The study found out that this was a good way of maintaining the number of students.

To fit to this change and to respond in sustainably manner, NUR has constructed more student hostels which will accommodate a large number of students at affordable costs. In addition to the above, student welfare commission was established which is working under Dean of student office and which has the responsibility of handling social economical students problems.

4.4.6 Market Development strategy

A market development strategy for NUR involves selling present services in new markets. NUR management takes actions such as launching more masters programs targeting key market areas mainly in business and information technology. Many masters programs were opened in different strategic locations. In addition to School of Public Health (SPH) which has been operating for a long time from Kigali city, other programs such as masters in law, masters in genocide and management conflicts, masters in business administration and school of media and communication have been opened in Kigali town.

NUR has opened programs, undergraduates as well as postgraduates in the western region of Rwanda especially in Rusizi district. The purpose was to access the new market of the Western Province as well as for the neighboring countries Democratic Republic of Congo (DRC) and Republic of Burundi.

4.4.7 Improvement of Income Generation Strategies

It was noted by respondents that to cope with those changes strong financial strategies have been put in place include launching more Masters programs targeting key market, reaching out new market by setting campuses in key geographical market segments (expanding geographically), develop the new fee structure which takes to account the cost of each program (adjust the cost of tuition fee), marketing and more importantly enhancing research and consultancy. On the other hand, NUR had put in place strategy of cost management through outsourcing strategy, where none core activities have been outsourced include security service, cleaning service, printing and photocopying service so as to allow management to concentrate on the core activities.

The formulation of short term operational plans through budgeting, cash flow management, acquisition of fixed assets management, financial and non – financial recordings, techniques of controlling and corrective action to make more efficient plans of action are major means that NUR have put in place to increase its revenue and to strengthen its strategy implementation. Squeezing cost strategy has been possible by establishing an

effective management accounting systems since it enables NUR to improve on its operations through informed, accurate and timely decisions.

4.6 Challenges faced by NUR when Responding to Changes in the External Environment

Implementing a new strategy requires organizations to reengineering their existing business practices to fit the new system. The project team of NUR had to redefine the business processes in a fundamental way, revamping the old ways of conducting the business processes. The reengineering process took so much time since all processes were to be refined a fresh to be consistent with the new system.

In its quest to adapt to changes in the environment, NUR often faces various hurdles which hamper its pursuit for excellence. These challenges are embracing the technological changes especially in the information technology sector, maintaining goodwill from stakeholders, costs of implementing new changes and competition from other players in the industry among others.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter provides the summary of the findings, gives conclusion and recommendations based on the objectives of the study. The objectives of the study were to determine the strategic responses adopted by National University of Rwanda to environmental changes and to establish the environmental change affecting NUR. In order to arrive at the findings an open ended questionnaire was presented to top managers who were involved in strategic responses and strategic implementation of the institution.

5.1 Summary

Various changes from NUR external environment have had a huge impact on its operations include Rwanda to turn from French to English speaking country, this affected NUR by changing the medium language of teaching and learning, NUR has acquired a trust status by becoming self- governing, it has dealt with threat of student bursary loan cancelation, technological change and increasing in competition within Higher Education sector.

In other hand, various strategic responses to cope with these environmental conditions have been put in place by National University of Rwanda among: Organizational Structure which has been used as a road map and channels for accommodating strategic responses and support strategic implementation; Leadership Style which involves guiding the firm to deal with changes and exploit the opportunities; Involvement and Participation of Employees; Training of Employees this has been used as major strategic response to the fact of switching French in education system and strengthening employees to deal with the potential changes from environment.

Accommodation facility has been offered to mitigate the fact of bursary loan cancelation, market development strategy has been put in place and finally, NUR has put in place different ways of improving income generation through launching more masters programs.

adjust tuition fees structure. expand geographically and strategically, enhance research and consultancy and more important establish management accounting system.

5.2 Conclusion

In modern world of stiff competition, NUR has been able to keep pace with the changing environmental scenario by adopting various response strategies. From the study finding, the researcher concludes that the challenges in the external environment that affect the operation of the organization were Political, Economical, Technological and competition from other universities within higher education sector. The institution has been affected by the fact of changing the medium of teaching and learning from French to English, students bursary loan cancelation from government, becoming self – government with non or little central control, increase in number of students population to meet the national strategic goals of vision 2020 and the increasing in competition within higher education sector.

The study further concludes that NUR is on a constant development of the strategies to cope up with the environmental conditions so as to survive and remain competitive. It had adopted various measures to control environmental changes these included revised the organizational structure to accommodate the strategies, leadership style to guide a firm to deal with changes, involvement and participation of employees, employees training and strategic partnership, students accommodation and living cost facility, market development strategy and improvement of income generation through expanding geographically, adjusting cost of tuition fee, enhancing research and consultancy and finally, adopting outsourcing strategy.

5.3 Recommendation

From the study it came out clear that NUR is concentrating more on local environmental conditions yet the regional such as East African Countries rely heavily on it as their gateway. Therefore, it is recommended that regional and global environment be scanned and be understood so as take appropriate measures.

It is further recommended that the management of the NUR works reactively as well as proactively so as to deal with the potential coming environmental changes.

5.4 Limitation of the study

It is worth mentioning that the study experienced some limitations in the process that could not be avoided given the busy working in environment. The major limitations involve time and financial resource constraints. It was difficult to get the personnel to respond to the questions presented to them timely and promptly due to other engagements, pressure of work and time. The researcher had to make several visits, e – mails and telephone calls to ensure the respondents get down and respond the questionnaire.

The researcher had to incur costs to complete the study as required. Much effort was applied by the researcher to get things done on time despite the pressure and heavy responsibilities in the work place.

5.5 Areas for further studies

The study was able to establish how NUR is responding to the environmental conditions by putting in place several strategic adjustments so as to sustain its survival overtime and remain competitive.

This study suggest that research should be done on the other companies in the same higher education sector so as to get comprehensive information on how the other players in sector have responded to challenges posed by changing environment.

This study suggests further that research should be done to investigate the successful strategic responses implementation and to investigate more on NUR key success factor. The research should also be conducted to establish techniques of change management adopted by NUR to success in environmental turbulence.

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APPENDICES

INTERVIEW GUIDE

- 1) Have you faced any changes within your organization for the past Five years?
- 2) What are the changes that have had major impact on your operations from the environment?
- 3) What changes have taken place in your organization due to political/legal, social economical environment and technology?
- 4) What are strategies have you put in place to cope with these changes?
- 5) Have you faced any change due to competition?
- 6) What are strategies have you used to respond to competitors and what strategies do you envisage responding to potential competitors? Please elaborate
- 7) Are colleges and professionals institutions within your operational environment offering the products/services substitute?
- 8) If yes, what are mechanism have you put in place to respond to these institutions?
- 9) Have you any critical resources that are hard to imitate by new entry into your operational environment? Please elaborate
- 10) Does NUR have a short term target to monitor their adaptation to the changing environment? Please explain.
- 11) Does your strategic plan flexible to accommodate any environmental changes?

12) What measures are put in place to ensure employee cooperate and participate in responding to environment changes?

13) Is NUR driven by corporate goals and objectives? Please explain how

14) How do you describe the overall position of NUR after these changes from the external environment?