

**STRATEGIC RESPONSES TO CHANGES IN THE EXTERNAL
ENVIRONMENT BY UNIVERSITIES IN KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI**

OCTOBER 2012

DECLARATION

This is my original work and has not been submitted to any institution or university for examination.

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

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DEDICATION

To my daughter Soraya, who inspires and enlightens me, that is the wonder of you. To my parents, a reminder of what persistence and fortitude can yield and to my dear husband Robert, whose love, friendship and support can never be adequately acknowledged, you are a true jewel. I dedicate this work to you.

ACKNOWLEDGEMENT

Work such as this must be the fruit of many minds. In the text and in the bibliography, some of the authors from whom I have derived my ideas are named. Although I have been even more influenced by discussions with friends and colleagues, I am deeply grateful to my Supervisor, Professor Evans Aosa who has read my work in whole and guided me accordingly and must share the credit for any merit this work may have.

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ABSTRACT

Organizations are environment serving and environment dependent. The environment in which organizations operate is constantly changing with different factors influencing the organizations. Coping with the increasingly competitive environment has called on firms to rethink their strategies. Strategic responses ensure the survival of organizations at large and at the same time enhance relevance in the environment in which they serve. The purpose of this study was to establish the strategic responses to changes in the external environment by universities in Kenya. The objectives of the study were to determine the challenges facing universities in Kenya that emanate from the external environment and to establish strategic responses by the universities in Kenya to effectively deal with challenges that emanate from the external environment. The research design used was cross-sectional survey. The population of this study was all the 27 universities that were registered and accredited by the Commission of Higher Education As at June 2012. Primary data was collected using questionnaires to the senior university administrators either deans, heads of departments and deputy vice chancellors while secondary data was from secondary sources. The questionnaire was the primary data collection instrument. The data and information obtained through the questionnaire was coded and all the data entered into statistical package for social sciences and analyzed based on descriptive statistics. The descriptive statistics that were used included mean scores, percentages and ratios. The study findings indicate that universities in Kenya face various challenges including increased competition from local and international institutions of higher learning, escalating cost of education, lack of integration between curriculum and industry demands, low ICT integration, HIV/AIDS, cancer and other life threatening medical conditions, high cost of ICT facilities, faculty shortage, poaching of staff by other institutions, high rate of poverty in the country, increased pressure to admit more students and inadequate budgetary allocation. Strategic responses to cope with these challenges included forging links with other institutions and the corporate world in general, improving resource management and governance, increasing and diversifying the revenue base, safeguarding, upgrading and fully exploiting university assets and preparing a university strategic plan for the development and use of physical facilities. Another response included promoting research, consultancy, innovation and technology transfer. Following the findings from this study, the following recommendations are made. First, universities should develop strong linkages and partnerships that enhance mutual learning, research and innovation. Secondly, universities should monitor the developments in the global, regional and local social and economic systems to ensure that their training and development is in line with the current needs in the country and globally. Thirdly, universities should develop comprehensive ICT policies and strategies.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their strategies (Pearce and Robinson, 2001). The days when firms could simply wait for clients to beat a path to their door are long gone. Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves (Welch and Welch, 2005).

Johnson and Scholes (2008) noted that industries are responding to customer's demand by becoming more innovative in their new ways of approaching the changed environment. They adopt strategies such as improved customer services, credit facility, post-paid cards and provision of convenience goods and services. Rapid technological change has created a new business environment where innovation has become a top competitive strategy. According to Ansoff and McDonnell (1990), increased competition has created fundamental shift in economic environment whereas no organization can hope to stay afloat if it fails to come up with proper strategic responses. Terminologies such as retrenchment, mergers, rightsizing and cost reduction have become a routine for survival. Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviors to assure success in transforming future environment.

Andrews (1987) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (2005), views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy.

Universities being key players in the education sector are faced with challenges from the external environment. These factors are competition, technological advancement, government regulation, globalization and growing dynamism for the demand of efficient services. Organisations need to be constantly aware and cognitive of the changes in the dynamic operating environment and to respond appropriately and strategically to these changes.

1.1.1 Environment Dependence

An organization working or having operations touching the external environment is affected by the environmental factors. In today's dynamic world, the environment is constantly playing a vital role in the operations of organizations. This has seen change as inevitable within organizations and strategy playing the critical role of ensuring that they remain not only relevant to the current times but also be seen as a growing concern.

One of the primary functions of effective management is to organize and use the available resources in ways which minimize the impact of environmental threats and pressures on the organization (Lambert and Knemeyer, 2004). Organizations must adapt to their environments if they are to remain viable. Welch and Welch (2005) maintain that to maximize long-term effectiveness, organizations need to develop the capability not only to cope with daily events in the environment, but also to cope with external events that are both unexpected and of critical importance. For many organizations, crises are unique and rare events. However, in many industries crises may be a regular feature of corporate life. Consequently, a central issue in the process of organizational adaptation is not only coping with uncertainty, but understanding situations where uncertainty can degenerate into a crisis.

As organization's environmental forces change, the organization is supposed to change accordingly to remain relevant and to survive. Environmental issues that change include political factors, economic factors, ecological factors and technological forces. Organizations are constantly responding to changes in these factors in one way or another. Given that no organizations operate in a vacuum the external environment is a reality that organizations should proactively respond to.

The external environment around an organization will determine its success in that the policies laid down create the right atmosphere for the organization to thrive. Its activities and goals economically empower the citizenry. Activities of an organization must not be seen to go against pro ecological standards and measures and to promote the use of

technological know-how that is useful and available. Industries operating in high velocity environments, for example microcomputers, airlines, and banking, experience such an extreme rate of change that information is often of questionable accuracy and is quickly obsolete (Drejer, 2002). The external environment must be seen as part and parcel of organizations due to the symbiotic relationship that they have.

1.1.2 Strategic Responses

Organizations are influenced by what is happening either locally or internationally. Globally, the institutions are facing relentless and rapid change. These circumstances underscore the crucial role of leadership and management in maintaining morale, enhancing productivity, and helping staff at all institutional levels cope with momentous and rapid environmental change.

Historically, organizations have been extremely slow in adapting to societal change (Smith and Tamer, 1984). Because marketing and strategy are not at the top of the administration's things-to-do list, many institutions find themselves in reactive positions to repair damages left from their inability to adjust. However, in a more proactive position, colleges and universities can better serve their student body, faculty, and the community at large by having a clearly defined strategic plan that includes both a solid mission and a vision for the future (Smith and Tamer, 1984). Having such not only allows the institution to address the needs of its academic community, but also demonstrate to the world that it is a premier institution that has a clear understanding of who it is and where it wants to be in the future.

Those in strategic management and leadership positions are finding it essential that they understand the environment they serve in and among other issues including shifting demographics, new technologies, and commercialization of higher education, changing relationships between institutions and governments and the move from an industrial to an information society. Particularly in the developing world, higher education institutions must be poised to create the human capital necessary to keep pace with the knowledge revolution and the emerging markets environment. Current leaders must be trained, new leaders prepared, and students identified who will both lead and study higher education for the future.

Strategic responses ensure the survival of organizations at large and at the same time enhance relevance in the environment in which they serve. This has seen organizations embrace and focus on the challenges that the environment has with a keen interest on adaptation and change that is seen as sustainable to any enterprise. With each environmental threat we see a more focused approach to its adaptation and in the same breath, with each environmental opportunity we see organizations respond positively in a more receptive approach. While the results are obvious, the various strategic responses that these institutions will adopt to achieve distinction and environmental challenges are what this paper is about.

1.1.3 Higher Education in Kenya

University education in Kenya began in 1963 with just 571 students enrolled in Nairobi University College (Weidman, 1995). Since then, the system has undergone considerable expansion, and as of 2011, there were a total of 7 public universities and over 20 private

universities with varying levels of accreditation. It is estimated that the country has 152,874 university students of which approximately 80 percent are in public universities (che.or.ke). Kenya also has a number of public middle level colleges that offer diplomas in certain fields including engineering, education, and computer science. A number of these institutions were among those recently elevated to university college status. Notwithstanding the expansion in the past several years, the capacity of the higher education sector in Kenya is still limited and only 3 percent of the university aged cohort are enrolled in university education.

Higher Education in Kenya has seen universities adopt various strategic responses in the aim of responding to environmental changes. Various institutions have adopted distance learning as a way of ensuring that more and more students have access to knowledge. There has been a tremendous effort in the courses offered which has seen entrepreneurship become a core unit in universities. The locations of universities today have ensured accessibility through branches operating in various towns and cities in the country. We have witnessed specializations in various universities as some are specific to say technology, agriculture. Public universities are trying to put in place measures to generate income. However, there is growing concern though that there is so much focus on income generating programmes like parallel degree programmes (part-time degree programmes) at the expense of the regular programmes (Kigotho, 2001). Gender inequality, is also effectively being addressed as we have seen female students have different grade eligibility from male students. All these strategies can be seen as response measures to different environmental factors and must be appreciated as such.

For decades, lack of vision among most African leaders, persecution of academics and other irrelevant agenda have reduced African universities to their lowest ebb. The situation has resulted in massive brain drain with talented African scholars decamping to foreign universities and research institutions (Mutula, 2002). Tight control of universities by governments, shrinking budgets, poor selection of students and overcrowding, have made most universities in sub-Saharan Africa into ordinary training institutions. Those parents, who are able, send their children to overseas universities, notably in Britain, the United States of America (USA), Canada, India and Australia.

Higher education in Kenya has witnessed tremendous expansion in terms of the number of students demanding access. This has led to congestion in the facilities that had initially been designed to accommodate only a few students. Rising student numbers has also led to poor working conditions in universities in the country. There has been continuous demand for education in Kenya, and the university system has been forced to be more innovative to meet this increasing demand. Among other ways, public universities have responded to this development by mounting privately sponsored Module II programs – commonly referred to as parallel degree programs – whereby, apart from the regular students sponsored by the government, universities are also admitting students who are self-sponsored. These students take their lectures separately in the evening and weekends or together with the regular students (Mutula, 2002). This is just one way of dealing with the challenges that are facing these higher education institutions.

The rapid expansion of university education has led to a number of challenges. According to United Nations Education Social and Cultural Organisation (UNESCO) World Conference on Higher Education (2009), low funding from the exchequer, increased enrolment, limited access compared to the population level, increased enrolment without commensurate improvement in available facilities, gender inequality, and a low research capacity, are some of the problems facing universities in the region. These problems have led to fears that quality of education is in a downward trend in most of these universities and hence the universities are expected to formulate effective strategic responses to deal with those challenges to ensure their continued existence.

1.1.4 Universities in Kenya

Kenya has placed considerable importance on the role of education in promoting economic and social development after the achievement of independence in 1963 (Sifuna, 1998). This has resulted in the rapid expansion of the education system to provide qualified persons for the growing economic and administrative institutions, and to undertake some reforms to reflect the aspirations of the Kenyan state (Court and Ghai, 1974). This has led to university education in Kenya expanding with a rise in student enrolments, expansion of universities, diversity of programmes and setting up of new universities and campuses. The environment which the universities have been operating in has also considerably changed. Higher education institutions are now facing challenges which require reforms in their management and governance styles.

The rise of new stakeholders, internal factors, together with globalization and the rapid pace at which new knowledge is created and utilized are among the recent developments which challenge higher education institutions. While they have responded rather slowly in the past, to changing circumstances, there is now an urgent need for them to adjust rapidly in order to fulfill their missions and the needs of all stakeholders (Jowi, 2003).

Throughout the 1970s the government strengthened and expanded the University of Nairobi, the only one then, as a conscious effort to provide university education to all qualified Kenyans and as a move to develop the necessary human resource for the private and public sectors. As years went by, the number of Kenyans seeking university education exceeded the capacity of the University of Nairobi. This led to the establishment of Moi University in 1984 as the second university in Kenya following the recommendations of the Presidential Working Commission which collected views from many people and found an overwhelming support by Kenyans for the establishment of a second and technologically oriented university in the country. From then, university education in Kenya has expanded with a rise in student enrolments, expansion of universities, diversity of programmes and setting up of new universities and campuses. Kenyatta University which had operated as a constituent college of the University of Nairobi since 1972 became a full-fledged university in 1985. A previous agricultural college also gave way to Egerton University in 1988. Other Universities such as Jomo Kenyatta University of Agriculture and Technology (JKUAT), Maseno University and other University colleges have joined the fray of Higher Education (Mutula, 2002).

The 1980s and 90s saw the emergence of some private institutions. With the exception of some institutions, such as the United States International University (USIU), most private universities in Kenya are religiously controlled. The majority of these institutions are also limited in capacity with a total student enrolment ranging between 500 in the smallest institutions to 6000 in the largest. The curriculum of most of these institutions is also largely geared towards the arts and commercial courses. Private institutions in Kenya depend for their revenue on the tuition fees they generate from their students. Such heavy dependence on tuition coupled with lack of alternative income sources has made these institutions expensive and thus unaffordable for most Kenyans, in effect, limiting their services to the children of high socio economic status (Jowi, 2003).

1.2 Research Problem

Organisations are influenced by factors of change, if the environment changes, then they respond accordingly. These changes evoke a more strategic approach in response by acting proactively or adapting to the environment while at the same time ensures sustainability of services rendered and products offered. Organisations have to respond to changes in the external environment. This is because they are environment dependant and environment serving. A clear understanding of these issues is warranted in order for appropriate measures to be applied.

Institutions of higher learning are aimed at delivering skills that everyone considers valuable in society, and Kenyan universities are no exception. Along with just about every other public sector driven service, Higher Education the world over has been

subject to profound change as it has been expected. increasingly, to become more "business-like" in its delivery and more market-oriented in its approach. Over the years, these institutions have now become key players in today's global economy. Higher education is now big business by which all institutions must be willing to play hard in order to produce and succeed. Kenyan colleges and universities must adjust to meet the needs of an increasingly global economy or expect to perish to its competition. The overall implication here is that strategic planning is a critical piece of ensuring the viability of many colleges and universities. Whereas many institutions already have a visionary plan in place, it is important for college and university administrators to have a realistic grip on the institution's strongest position, academic and financial, as well as any foreseen weak point that has potential to be a threat to current and future operations (Higher Education Review, 2004). To that end, colleges and universities are strongest when they independently assess their vulnerability with respect to their environment, academic and financial goals relative to their desired local and global competitiveness.

Various studies have been carried out on responses by organizations to environmental changes. Mwangi (2010) carried out a study on strategic responses to competition among large fast food restaurants in Nairobi central business district. Muchelule (2010) carried out a study on the strategic responses adapted by Kenya Ports Authority to changing external environment. Another study was done by Miriti (2010) on the strategic responses of fidelity shield insurance company to changing environmental conditions.

Muthaura (2011) carried out a study on strategic responses by stock brokers in Kenya to the forces of external environment. Collectively, these studies have established that organizations respond to environmental changes. Different organizations respond in different ways. What are the strategic responses to changes in the external environment by universities in Kenya?

1.3 Research Objectives

This study had two objectives. These were;

- i) To determine the challenges facing universities in Kenya that emanate from the external environment
- ii) To establish strategic responses by the universities in Kenya to effectively deal with challenges that emanate from the external environment

1.4 Value of the Study

This research study got results that will be of importance to the institutions themselves, the governments which directs policy and regulations in the sector, and the academic community at large. The universities will have an insight into the strategic responses that are effective in dealing with the environmental challenges in the higher education sector. The universities can therefore copy such responses and fine-tune them to their conditions to deal with various challenges.

The findings can also be of importance to government and its policy and regulatory framework. The government will be in a position to put in place effective policies and

regulations to help the higher education sector in dealing with the challenges and to ensure that the policy and regulatory framework is conducive to higher education development in Kenya. This can be achieved by having clearly thought and negotiated regulations and policy to drive growth and sector.

The findings also will prove to be important to academic community. The academic community will have added knowledge which can guide training, policy and further research. This study will fill a gap in knowledge that will give students, faculty and the general academic fraternity added knowledge in the filed of strategic management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents literature review on strategy and strategic management and strategic responses that have been applied by businesses globally, regionally and locally. The chapter is organized as follows. First is the discussion of the concept of strategy. Then, strategic management is discussed. Organizations and how they cope with their environments is also discussed and the chapter closes with the responses applied by organizations to cope with their challenges.

2.2 Concept of Strategy

Strategy is a multi dimensional concept and various authors have defined strategy in different ways. Chandler's (1998) definition is perhaps the fundamental contribution to corporate strategy. Chandler (1998) defined strategy as the determination of the basic long-term goals and the objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Andrews (1987) defined corporate strategy as the pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be.

Linn (2007) depicted strategy as the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. The purpose of strategy is to provide directional cues to the

organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce and Robinson, 2001). Porter (2005) describes competitive strategy as the search for a favorable competitive position in an industry. According to Porter (2005), competitive strategy is about being different. This means deliberately performing activities differently and in better ways than competitors.

Ansoff (1965) viewed strategy in terms of market and product choices. According to his view, strategy is the "common thread" among an organization's activities and the market. Johnson and Scholes (2002) defined strategy as the direction and scope of an organization that ideally matches the results of its changing environment and in particular its markets and customers so as to meet stakeholder expectation. According to Delmar and Shane (2003), strategy is a unified and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization.

Eisenhardt and Martin (2000) perceive strategy as a pattern or a plan that integrates organization's major goals, policies and action into a cohesive whole. Pearce and Robinson (2001) defined strategy as the company's "game plan" which results in future oriented plans interacting with the competitive environment to achieve the company's objectives. This definition of strategy is important in this study as it reflects competitiveness in the environment and the game plan aspects, which organizations put into place to be able to compete effectively. Lambert and Knemeyer (2004) stated that

managers develop strategies to guide how an organization conducts its business and how it will achieve its objectives.

2.3 Strategic Management

Strategic management as a discipline originated in the 1950s where the idea of matching the organization's internal factors with external environmental circumstances was introduced (Hamel and Prahalad, 1994). Ansoff (1965) developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management could use these strategies to systematically prepare for future opportunities and challenges.

Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its objectives (Kanter, 2004). Strategic management, therefore, combines the activities of the various functional areas of a business to achieve organizational objectives. It is the highest level of managerial activity, usually formulated by the Board of directors and performed by the organization's Chief Executive Officer (CEO) and executive team. Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies (Collins, 2001). Strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce and Robinson, 2001). According to McNeilly (2001), strategic management focuses on the total enterprise as well as the environment in which

it operates: the direction management intends it to head; management's strategic plan forgetting the enterprise moving in that direction; the managerial task of implementing and executing the chosen plan successfully.

Strategic actions are influenced by the environmental factors. Changes in the environment will lead to changes in objectives and strategy (Pearce and Robinson, 2001). The environment is complex and ever changing and it will continue to change rapidly, radically and unpredictably (Porter, 2005). Therefore managers have to keep reviewing their strategy to match the environmental demand. In order to enhance preparedness in handling surprising events an organization needs to augment the timeliness of managerial response to the surprising changes.

2.4 Organizations and the Environment

Organizations are depicted as environment serving and at the same time environment dependent (Hamel and Prahalad, 1994). Environment influences the way companies work. Although the external environments of organizations have been conceptualized in various ways (Lane, 2003), several important dimensions have been underscored. Two major dimensions are of concern for this study. These are stability and complexity. The concept of turbulence and its opposite, placidity, are key factors. Turbulence is a measure of change as it occurs in the factors or components of an organization's environment. At one end of a continuum of change there is a static environmental state (placidity or no change); at the other end there is a turbulent or dynamic state where all factors are in constant flux (Linn, 2007). The amount of environmental turbulence is closely related to the degree of uncertainty facing an organization.

The rate of change, in addition to the absolute amount of turbulence, is a critical factor. Collins (2001) suggests that the rate of change can be defined by measuring the amount of alteration to major goals in a given period. Andrews (1987) proposes that the higher the change rate in the environment, the higher the number of major organizational goals that must be altered and vice versa. In several studies (Welch and Welch, 2005) the terms discontinuity, dynamism and volatility have been used interchangeably to refer to the rate (or degree) of environmental change.

Complexity is the second critical dimension of the external environment. It refers to the number of factors in the environment that must be taken into consideration by the organization in a decision-making situation (Ansoff, 1965). Scholes and Johnson (2008) defined complexity as the heterogeneity and range of activities relevant to organizational operations. Porter (2005) argues that a simple environment is one in which the external factors with which an organization must deal are few in number and relatively homogeneous. Ansoff and McDonnell (1990) assert that a simple environment frees an organization from the necessities of sophisticated information systems, since there would only be a limited number of information categories to be monitored that would be critical for organizational decision making. Complex environment not only place greater demands on an information system, but also calls for a higher-quality to account for diverse constituencies in the environment (Pearce and Robinson, 2001).

Environmental complexity may be viewed as a function of both the number of environmental variables and constraints important to the organization, and as a function of the diversity, and number of different components, of the environment (for example, technological, political, and legal) containing important variables or constraints (Collins, 2001). McNeilly (2001) contend that uncertainty and equivocality are two forces influencing information processing in organizations. During times of rapid technological change and development, within emerging industries, or during the launch of new products, organizations face high uncertainty and high equivocality. The concept of high velocity environments is used to designate those environments which are characterized by rapid and discontinuous changes in demand, competitors, technology, and/or regulation such that information is often inaccurate, unavailable or obsolete (D'Aveni, 2004). This concept implies that there are continuous dynamisms (Linn, 2007) or volatility (Delmar and Shane, 2003), but these are overlaid by sharp, discontinuous change. Dynamism is characterized by the rate of change and innovation in the industry as well as the uncertainty or unpredictability of the actions of customers and competitors (Lane, 2003).

Organisations being both environment serving and dependent have not always had the autonomy to exercise their vision. They at times depend on the political system to chart the policy which guides their vision and strategies. Governments and to some extent external assistance agencies have had a tight control on the running of organisations. Governments have been known to exercise tight control through their funding and at times through more direct politicization and intimidation of institutions.

Assistance agencies have also had a distorting effect on the autonomy of organisations, particularly when they have made the provision of funds conditional upon the achievement of social or developmental objectives external to the institutions themselves that they might be singularly ill-equipped to achieve (Jowi, 2003). Organisations are also tied to the social and economic demands of the citizenry which look up to the higher education for elitist manpower to lead the country.

2.5 Strategic Responses

According to Johnson and Scholes (2002), dealing with the environment is difficult because of three factors. First is the diversity of the different influences that affect a business. Identifying the environmental influences may be possible but it may not be of much use because no overall picture emerges of the really important influences on the organization. The second difficulty is the speed of change. Managers typically feel that the pace of technological change and the speed of global communications mean more and faster changes than ever before. Third is the problem of complexity. Managers are no different from other individuals in the way they cope with complexities; they try to simplify what is happening by focusing on those few aspects of the environment which have been important historically. It is important to avoid these tendencies whilst achieving an understanding of the environment which is both usable and oriented towards the future.

Ansoff (1965) asserts that when a firm fails to respond to a threat, the losses that results continue to accumulate. The strategic response process is initiated once the rational

trigger point is reached. This is the point at which accumulated data shows that there is serious decline in performance which cannot be reversed and that special counter measures are required. Reactive management occurs if the start of the response is delayed past the trigger point. The start of response is delayed past the rational trigger point due to four factors; systems delay, verification delay, political delay and unfamiliarity delay (Ansoff and McDonnell, 1990).

Effective strategic responses may enable a business to influence the environment in its favour and even defend itself against competition. Hamel and Prahalad (1994) also adds that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Kanter (2004) says that to adapt to environmental changes, firms require effective leadership. He further states that, while leadership is crucial, most organizations are over-managed and others under-led. In this regard therefore it is necessary to examine what impacts leadership and strategic management have on an organization in relation to its external environment. 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 the government and how they impact on its operations success is dependent on productivity, customer satisfaction and competitor strength.

Porter (2005) observes that for firms to be able to retain competitive advantage, they need to examine their environment both internal and external and respond accordingly. Ansoff

and McDonnell (1990) also point 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 environmental 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. To be successful over time, an organization must be in tune with its external environment. There must be a strategic fit between what the environment wants and what the firm has to offer, as well as between what the firm needs and what the environment can provide. The speed or response time to the environment challenges has been identified (Johnson and Scholes, 2002) 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 strategic responses so as not to be overtaken by events.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the study. The chapter considers in detail the methods that were used to collect any primary or secondary data required in the study. In this chapter, the researcher discusses the research design, population size and sample that were used. The researcher also discusses how this data was analyzed giving details of any models or programmes that were used in analysis with reasons as to why these particular models or programmes were used.

3.2 Research Design

This research problem was solved through the use of a cross-sectional survey. This enabled an analysis of the strategic responses that universities employ to cope with environmental changes. A cross-sectional survey just reports on the situation as it is without changing in any way. According to Doyle (2004), a survey research refers to a body of techniques for collecting data on human characteristics, attitudes, thoughts, and behavior by obtaining responses from individuals to a set of prepared questions.

Cooper and Schindler (2006), defines a survey as a measurement process used to collect information during a highly structured interview – sometimes with a human interviewer and other times without. According to Angus and Katona (1980), the capacity for wide application and broad coverage gives the survey technique its great usefulness.

3.3 Population

The population of this study was all the universities that were registered and accredited by the Commission of Higher Education to operate and offer their services in Kenya. As at June 2012 there were a total of 27 universities provided by the commission website. (<http://www.scienceandtechnology.go.ke/index.php/rad-institutions>). The study was a survey of all the universities.

3.4 Data Collection

The study used both primary and secondary data. Primary data was collected using questionnaires to the senior university administrators either deans, heads of departments and deputy vice chancellors while secondary data was from secondary sources. The questionnaire was the only primary data collection instrument. The questionnaire was distributed to the Deputy vice chancellor, dean or head of departments of each university since they are involved in all strategic issues affecting the universities. This resulted to a total of 27 questionnaires being distributed to all the universities.

The questionnaire was designed to address the research questions. The questionnaire was divided into three sections: A, B and C. Section A addressed the general information about the administrators and the university. Section B addressed the challenges that face universities from the external environment while section C dealt with questions about strategic responses adopted by the universities to deal with environmental challenge.

The questionnaire consisted of both open and close-ended questions and also Likert type questions that were intended at weighing perceptions of respondents on the factors under study.

After designing the questionnaire, the researcher tested the effectiveness of the questionnaire on 3 senior employees from one of the universities. Respondents were required to critique the questionnaire on content, design and validity. This pretest was done to detect and correct any weaknesses in the questionnaire. After the pretest, the researcher made any amendments that were deemed necessary.

3.5 Data Analysis

The data and information obtained through the questionnaire was first checked for completeness. The questionnaires found correctly filled and fit for analysis were coded and all the data entered into statistical package for social sciences and analyzed based on descriptive statistics. The descriptive statistics that were used included mean scores, percentages and ratios.

Percentages were used to determine the importance of strategic responses and challenges under study. Ratios were used to establish the level of strategic responses in dealing with challenges. Mean scores measured the level of importance of strategic responses and the major challenges encountered. The results from the analysis were then presented using tables, pie charts and bar graphs for easier interpretation.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents results and findings from the questionnaire survey. The findings of the study are presented according to the research questions. There were 27 questionnaires distributed to the selected senior employees in the Universities in Nairobi. The questionnaires were distributed to the Deputy vice chancellor, dean or head of departments of each university since they are the ones involved in strategic issues affecting the universities. Twenty two questionnaires were returned which indicated a response rate of 81%. All the returned questionnaires were found to be correctly filled and fit for analysis.

Section 4.2 presents data on the general information, section 4.3 presents data on challenges from external environment while section 4.4 presents data on strategic responses to environmental challenges.

4.2 General Information

The study sought to establish the time when the university started the campus where data was sought. Findings are presented in Table 4.1 and they indicate that 6 (27%) of the respondents indicated that the campuses were started in 2010, 5 (23%) were opened in 2009 while 4 (18%) were opened in 2011 and a similar number in 2008. three (14%) indicated that the campuses were opened in 2006. This data indicates that most of the campuses in the City have been opened recently by both the private and public

universities. This is interpreted as a response to demand surge for mostly the working class.

Table 4.1: Year Campus Was Opened

Year	Frequency	Percent
2006	3	14
2008	4	18
2009	5	23
2010	6	27
2011	4	18
Total	22	100

Source: Interviews, August 2012

The study sought to establish the number of campuses that the surveyed universities had. Findings are presented in Table 4.2. Findings indicate that 10 (46%) of the surveyed universities had three or less campuses while 8 (36%) indicated to have between 4 and 7 campuses. Four (18%) indicated to have more than seven campuses. This is an indication that most of these universities had expanded geographically to serve various regions in the country and even beyond. This is a response to competition and other challenges which make an organization improve its geographical coverage.

Table 4.2: Number of Campuses by the University

Number of years	Frequency	Percent
Below 4	10	46
4 - 7	8	36
Above 7	4	18
Total	22	100

Source: Interviews, August 2012

4.3 Challenges From External Environment

The study sought to establish the challenges that emanate from the external environment that affect the universities. The section provides the findings on environmental changes and their effect to the surveyed universities, environmental monitoring processes by the universities and major threats from the external environment.

4.3.1 Environmental Changes and their Effect

On challenges from the external environment, the first question was on the changes that had happened in the external environment that impacted on the institution. From the research findings, customers/Students received were the major factor bringing change to the universities, the social economic changes followed, while legislation was also mentioned as a trigger for change. Results also indicated that there were truly revolutionary changes in technology, communications, geo-politics and globalization. These changes were mentioned to impact on all aspects of life throughout the world. Of particular interest for universities was the multiple implications for knowledge generation and universities as knowledge centres. Results from the respondents indicated that society is experiencing waves of accelerating changes in many different arenas including information, economic, financial, environmental, security, energy, disease, food, and water to name a few. Respondents indicated that universities are finding themselves standing on the curl of all these waves and trying to not get defeated by them.

Respondents indicated that the dynamism of this new environment necessitates a university's strategic vision to be re-framed frequently because of its underpinning mission and service responsibilities, opportunities and challenges are changing

continuously and often significantly. Respondents indicated that change cannot be ignored. This is because few of the top employment opportunities in 2012 existed in 2004, and most of the key strategic issues facing Kenyan society today were not primary a decade earlier either.

Respondents also indicated that accelerating change results in a shortening time horizon for response. Respondents intimated that universities are designed to not change rapidly. University cultures and governance processes slow response to change even while change is accelerating in surrounding society. This reality challenges university leadership to be prescient about change so that the university can be less buffered by it. Findings indicated that a striking feature of the higher education terrain in Kenya has been the rapid increase in the number and variety of institutions as well as the levels of enrolment. Both public and private universities have increased in number but have not been able to cater for the full demand of higher education.

Another mentioned change by the respondents was increased national competition. Higher education was mentioned by the respondents as highly competitive. Universities therefore are forced to be competitive on content offering, fees, geographical coverage and even in Information Technology (IT).

Another challenge which was mentioned by various respondents was faculty shortage. A large number of universities reported to be facing the problem of a decrease in supply of faculty in various courses mostly science related courses.

Another change revealed from the study was modernization, growth of the middle class, and growing technology-driven economies globally which are driving growth in higher education in the developing and developed countries alike. The scale of the global demand for higher education is enormous and is driving the transformation of higher education. The study revealed that universities are challenged to make adjustments in many sectors (students, faculty, programs, degrees, locations, facilities, methods and even expectations) to satisfy the access-demand pressure.

Respondents indicated that to cater for these, an increasing array of for-profit higher education models serving targeted student needs are coming up. Results also revealed that the pressure for open enrollment has increased because the focus is moving to providing higher education opportunity for all. Respondents indicated that opportunities for subject matter certification has continued to expand including: certificates for training, professional (multi-disciplinary) master degree programs created for targeted interest groups (executive MBA), and flexible interdisciplinary constructs not leading to degrees. Programs delivered by a university partnership, possibly with non-university groups (like colleges and research institutes) are now common.

Another challenge revealed in the study is innovation and the need for it in the world today. Innovation is widely touted as the answer to almost every question regarding things like how the society will accelerate economic development, create affordable health care, improve sustainability and quality of life, and so on. Results indicated that an

innovative culture requires strong leadership, embraces institutional agility, commits to high-value deliverables, values disparate talents, adapts to changing circumstances and responds to opportunities. Respondents reported that the world is hungry for innovation which universities, with support of government, are positioned to lead. Respondents indicated that universities are viewed as natural centers for innovation. They gather talented people, engage in cutting-edge research, have large-scale information and computational systems, connect to local and global communities, engage in instruction and provide services, often with support of government and communities. Universities are therefore continually challenged to provide resources and an environment conducive for innovation.

Another problem was brain drain. This problem was rooted in the lack of resources. The study established that Kenya institutions will need to meet the salary levels of their competitors across the world if they want to stop the ongoing brain drain that has characterized the past few decades. Young lecturers in other countries earn on average higher than in Kenya and this is a challenge for Kenyan universities to cope with this discrepancy.

Another change that was reported from the study was massification of higher education. This coupled with rapidly changing preferences of students, employers, governments and other stakeholders brings a challenge to higher education. Universities are therefore called upon to develop new strategies to increase their resources and the wealth of their

offerings, and will have to globalize their programmes and resources in order to remain competitive and relevant.

Another change that has affected higher education is globalization. Globalizing education also implies internationalizing the faculties for the benefit of the global learning of both faculty and students. This internationalization, however, has not yet spilled over into the research area, where most research papers still focus on Western businesses and problems. This can be a shortcoming to the development of global course content and mindsets. Student bodies are also becoming more international, and this trend has to be encouraged through different tools in the future.

Curriculum changes were another challenge that was revealed from the study. Curricula also need to be globalized to involve the attainment of broader knowledge and awareness of non-Western practices, the development and use of case studies on issues around the world and familiarity with a wide range of countries and cultures. There needs to be a more equitable balance between the transfer of West-East and East-West knowledge, skills and attitudes. At the same time, curricula will have to be more "global" in the multi-disciplinary sense. The job market and current problems are increasingly demanding specializations across a variety of fields, and demand for joint studies is in high demand.

4.3.2 Environmental Monitoring

Respondents were asked whether the university monitors the external environment to establish any threats facing it. All respondents answered to the positive and mostly indicating that scanning was important to keep track of changes. Further, the study sought to establish the specific elements in the universities' operating environment that were complex and dynamic making it necessary for the universities to design and continually monitor strategic responses.

Statements aimed at weighing the complexity and/or dynamism of environmental forces were rated on a scale of 1 to 5 and mean scores were computed on the statements to determine their weight. Results are presented in Table 4.3. Note: The rating scale used was 1-5 where, 5 represented Very Great Extent, 4 represented Great extent, 3 represented Moderate Extent, 2 represented Low Extent and 1 represented Very Low Extent. Findings indicate that the higher education environment is not very turbulent (2.72).

The results also indicate that universities have enough human resources to steer them forward (1.22). The forces that were indicated to be challenging in the environment were challenges of inadequate financing to take up the investments that can enhance the universities' growth (4.21), limited locations in the country for expansion of the university (3.92) and Competition in the higher education sector (3.97). Results also indicated that there are limited land/premise resources for expansion of the university (4.16). Findings also indicate that employment opportunities are dwindling thus making it hard for the university in placement (4.36)

Table 4.3: Environmental Forces in Higher Education

Statement	Mean score	Std Deviation
The environment under which the university operates is highly turbulent with a lot of changes that affect our strategy	2.72	1.32
There is limited talented pool of faculty and staff to provide the university with requisite skills	1.22	0.87
Government usually bring policies are regulations which are costly to cope with	2.21	0.88
The job market is continually changing necessitating the university to continually transform itself and provide value	2.97	1.12
The University faces challenges of inadequate financing from the government/owners	4.21	0.71
The higher education sector is usually affected by political interference	1.17	0.64
The University faces problems in trying to source funds by increasing the student population in limited facilities	3.92	1.26
There are limited land/premise resources for expansion of the university	4.16	1.04
Competition in the industry is cutthroat	3.97	0.97
Employment opportunities are dwindling thus making it hard for the university in placement	4.36	1.34

Source: Interviews, August 2012

4.3.3 Major Threats from the External Environment

Further, the researcher inquired about the major threats facing the universities from the external environment. Responses indicated that changes in the labour market, changes in the social and demographic trends, changes in technology, globalization and increased cost of providing higher education were the major threats and the higher education

institutions were to contend with. Sources of financing were also indicated as a threat since universities could not take the infrastructure and facility development as they wanted due to inadequate financing. Universities were therefore forced to do more with less.

Threats from the environment which were revealed from the study included increased competition from local and international institutions of higher learning, escalating cost of education, Human Immuno deficiency Virus/Acquired Immuno deficiency Syndrome (HIV/AIDS), cancer and other life threatening medical conditions, high cost of Information, Communication and Technology (ICT) facilities, poaching of staff by other institutions, high rate of poverty in the country, increased pressure to admit more students and inadequate budgetary allocation.

4.4 Strategic Responses to Environmental Challenges

The study was aimed at establishing the strategic responses employed by universities in Kenya to counter threats from the environment. This section provides the analysis of different responses from questions directed to respondents to find out how universities respond to environmental threats. The first question inquired on whether the university had in any way responded to the changes to the external environment mentioned. All replies indicated that the universities employed certain responses. Ways of responding which were mentioned included streamlining of administrative processes.

Results indicated that most academics including vice chancellors believe that administration can and should do more with less. This was achieved through streamline. Universities' administrative and academic support services which have been either inefficient or have imposed too great an administrative burden on academic staff are being transformed to be more efficient.

Most universities were reported to invite all staff and students to submit suggestions for streamlining their administrative services. These according to the respondents, were referred to the responsible units which were able to accommodate many by changing their processes or by giving higher priority to information system changes, enhancements and developments that improved their service to their clients. Some improvements were made following realization that a process designed to suit one area was generating inefficiencies in other areas and that changes would optimize the process for the as a whole. Some respondents also indicated that their universities have engaged external consultants to review what seemed to be the service hot spots. As a result they have adopted a number of projects to streamline administrative services. Some respondents also indicated that some streamlining required the university to accept risks of non compliance which it had not been willing to accept previously. Performance management was also reported to be introduced where many universities have adopted the systems to improve quality while managing costs.

Another response that was reported by the respondents was automation. Student administration was reported by most respondents to have introduced some services that

are fully automated for students, such as enrolment processing and timetabling. However, other services were reported to remain entirely personal because they require a high level of interaction with expert advisers. However, most respondents indicated that there remains in the middle, a large group of services that are not fully automated but do not require high level interaction with expert advisers. Any service that requires the completion of a paper form, where several were reported to still remain, is neither fully automated nor requires high level interaction with expert advisers. Also in the middle are all the semi-routine services provided by brief interactions with staff. Most respondents indicated that there was still a challenge for student administration to reduce this group of services in the middle to have a bimodal distribution of services between those that are fully automated and those that have high level interaction.

Universities were also reported to revisit the centralization - decentralization paradigm of administration. The universities surveyed were reported to change the way administrative services are provided and are succumbing to continuing pressure to reduce overheads which have provoked universities to revisit the distribution of administrative and support staff between central and decentralized units. This has happened because universities have largely remained centralized even with many schools, colleges or campuses.

Another response by universities was reported in making the universities more customer focused. To remain competitive and sustainable, universities were reported to adopt customer relationship management. Most universities were reported to adopt sophisticated customer relationship management as a key to meeting the challenges of

equitable access, student recruitment, student engagement and alumni development. Many respondents indicated that Kenyan universities are making their student recruitment office to customize for each prospective student grouping a financial package that covers tuition fees and programme. This was reported to allow prospective students to compare the fees and course offering of a number of other universities before deciding where to study. Much customer relationship management, the study revealed, was excellent because it is fully automated and thus relatively inexpensive once established.

Other strategic responses were reported in trying to cope with faculty shortage. Universities were reported to be seeking solutions to the problem of faculty shortage by hiring part-time faculty, academics from other disciplines, or retired business professionals. However, these solutions were tactical rather than strategic and the problem, however, should be tackled at its roots. Some respondents indicated that in the long term, doctoral research in the different fields will have to benefit from greater resources, and measures such as higher salaries and tax incentives should be provided to young students, to encourage them to pursue an academic career and remain in the field of their study to cope with this challenge in the long run.

4.4.1 Responding to Environmental Changes

The study sought to establish the systems, processes and resources put in place to respond to external environmental threats and changes. Likert type questions with statements were to be rated on a scale of 1-5 by respondents to state their extent of agreement on how they deal with environmental changes and threats. Analysis was done through mean scores

with the findings as indicated in Table 4.4. Note: The rating scale used was 1-5 where, 5 represented Very Great Extent, 4 represented Great extent, 3 represented Moderate Extent, 2 represented Low Extent and 1 represented Very Low Extent.

Results indicate that there is a strategic approach to responses to major challenges facing the universities (4.72). The results also indicate that top management in the universities provides the leadership and direction required in formulating strategic responses (4.22). Strategic plans by the universities were also indicated to be fine-tuned along the way to fit to environmental changes (4.78). Further, the respondents indicated that the universities always ensure that there is a strategic fit between the strategies and the environment (4.02). Other mean scores are as presented in Table 4.4.

Table 4.4: Designing Strategic Responses

Statement	Mean scores	Std Deviation
There is a strategic approach to responses to our major challenges	4.72	1.32
Top Management provides the leadership and direction in formulating strategic responses	4.22	0.87
All stakeholders more so employees are consulted in the designing strategic responses	2.21	0.88
There is top management support and commitment to the process of designing and implementing strategic responses	2.97	1.12
The university is fast in responding to environmental threats	3.21	0.71
Top Management give resources to formulate and implement strategic responses successfully	3.17	0.64
The university usually follows the actions of the others in the sector	3.22	1.26
The university usually monitors the environment continually to establish threats and act on them on a timely manner	3.16	1.04
Our strategic plans are altered along the way to fit to environmental changes	4.78	1.32
The university always ensures that there is a strategic fit between the strategies and the environment	4.02	0.90

Source: Interviews, August 2012

4.4.2 Strategic Responses by Universities

The study sought to establish what strategic responses the universities applied to deal with the challenges, changes and threats in the external environment. Various specific responses applied by the universities were mentioned where the respondents were required to indicate the extent to which the university applied the specific strategic response. Rating was on a scale of 1-5 where 1 represented very low extent while 5 represented very great extent. Findings are presented in Table 4.5.

Note: The rating scale used was 1-5, where 5 represented Very Great Extent, 4 represented Great extent, 3 represented Moderate Extent, 2 represented Low Extent and 1 represented Very Low Extent. The findings indicate that collaborating/partnering with middle level colleges (4.06), Opening a campus on a high demand area (4.35), starting evening programmes (4.57) and starting weekend classes (4.46) were the major strategic responses employed by the surveyed universities. Other strategic responses that universities largely applied include competitive hiring of management staff (4.45) and starting an economic wing within the university (3.84).

Table 4.5: Strategic Responses to Environmental Changes

Strategic Responses	Mean Scores	Std Deviation
Collaborating/partnering with middle level colleges	4.06	1.12
Starting module II programmes	2.28	0.87
Acquiring or taking over an existing institution	3.54	0.96
Opening a campus on a high demand area	4.35	1.04
Starting evening programmes	4.57	0.64
Starting weekend classes	4.46	0.59
Starting an economic wing within the university	3.84	1.24
Competitive hiring of management staff	4.45	1.11

Source: Interviews, August 2012

On strategic responses, the study found that universities were employing varied responses to threats but there were major similarities to the strategic responses applied. Most responses indicated that establishing clear points of differentiation is the best offense for a highly competitive price/value-based environment. Further, focusing on the primary customers (students) and offering courses that were relevant to the current social and economic environment, at fair fees, and excellent customer service were major responses applied. Hamel and Prahalad (1994) posit that given the current focus in business, there is need to understand the environment and competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Kanter (2004) further supports responses by saying that to adapt to environmental changes, firms require effective leadership. This was depicted by universities who indicated that top management led design and implementation of strategic responses.

4.4.3 Effectiveness of Responses

The study further sought to establish whether the applied strategic responses had been helpful in assisting the universities cope with its challenges. Strategic responses are aimed at strengthening the position of the universities in taking opportunities and/or dealing with threats in the environment. Effectiveness of the applied strategic responses is critical if the organization needs to position itself well in the market. The findings on the effectiveness of strategic responses are presented in Table 4.6. Results indicate that 14 (64%) of the respondents indicated their responses to be effective while 8 (36%) indicated that the applied responses were not effective. This can be related to the dynamism and complexity of the external environment which sometimes renders strategic responses ineffective due to the turbulent changes.

Table 4.6: Effectiveness of Applied Responses

Response	Frequency	Percent
Effective	14	64
Not effective	8	36
Total	22	100

Source: Interviews, August 2012

Results indicate that academic clusters are one strategy that universities are adopting more and more. By merging or forming partnerships and alliances, universities are benefiting from economies of scale and, at the same time, multiplying the resources and opportunities offered to faculty and students. Mergers, partnerships and other interconnections among institutions and across borders were reported from the study to generate greater opportunities for student and faculty mobility, providing incentives for

the internationalization of curricula and encouraging the participation of different stakeholders in the higher education system. The collaboration of different institutions with complementary strengths, as well as collaboration with other stakeholders, such as the corporate world, was reported to be a popular trend that will continue to grow.

Respondents revealed that universities are increasingly forging links with other institutions and the corporate world in general. Through these links, they can provide an education that is relevant to the productive economy by identifying common goals and objectives with other institutions such as hospitals and the corporate world. Links with the social and corporate world should also be created in order to conduct joint research projects in areas of common interest. Respondents indicated that leveraging resources from the two stakeholders may lead to a great deal of useful research and, ultimately, innovation. This agrees with the observation of Welch and Welch (2005) that in the age of globalization, it is strategic for institutions to foster networks, partnerships and linkages in order to enhance their competitive edge. Universities were reported to foster mutual linkages and partnerships with other peer institutions and industry locally and internationally aimed at promoting partnerships and linkages and promoting the image and visibility of the university.

Results also indicate that resource management and governance was a strategic response which many universities had adopted. Universities have acknowledged the fact that efficiency and effectiveness are keys to success. Universities were also reported to appreciate that to develop and maintain good governance, a productive and motivated

workforce, and a culture of accountability and responsibility, universities must be committed to efficiency and effectiveness as part of its overarching management ethos. A study by Abagi (1998) had indicated that resource utilization in Kenyan universities was poor and they required to increase their efficiency.

Strategic responses which were reported to be applied to improve efficiency and effectiveness included reviewing governance and management structure, systems and functions for continued effectiveness and promoting a leadership and performance culture based on tenets of good corporate governance. Other responses included increasing and diversifying the revenue base, Safeguarding, upgrading and fully exploiting university assets and preparing a university master plan for the development and use of physical facilities.

Findings also indicated that universities in Kenya are responding by becoming more committed to achieving excellence in their core business of teaching and learning. As such, they are ensuring that they offer quality academic programmes. These programmes are designed to meet the social, economic and development needs of the country. The programmes were reported to be diversified in order to afford greater opportunities to Kenyans and others to access quality education and knowledge. Ultimately, the programmes are aimed at producing graduates who are well equipped with theoretical knowledge and practical skills to contribute efficiently and effectively to the realization of the development goals of the country. The respondents indicated that the universities review academic programmes to ensure relevance and applicability and also enhance the rollout of distance and e-learning to incorporate needs and ICT.

Another effective response was research, consultancy, innovation and technology transfer through developing and implementing appropriate research programmes and promoting relevant consultancy services. Results revealed that one of the aims and functions of universities is to participate in the discovery, transmission and preservation of knowledge and to stimulate the intellectual life and cultural development of the society. Research, innovation, consultancy and technology transfer are key strategic issues that the universities were reported to be addressing in order to play their role.

4.5 Discussion

This section provides a discussion of the findings. Section 4.5.1 provides a discussion of the findings by comparing the findings with theory. Section 4.5.2 provides a discussion of the findings by comparing the findings with findings from other studies done in the area of higher education.

4.5.1 Comparison with Theory

This study had two objectives. To establish the challenges affecting universities in Kenya that emanate from the external environment and to establish the strategic responses these universities devise to counter these challenges. Findings indicate that Universities were affected by the external environment mostly the customers/students who were the major factor bringing change to the universities. Other environmental variables that necessitated change in universities were the social economic changes, legislation and revolutionary changes in technology, communications, geo-politics and globalization. These results

concur with theory by Hamel and Prahalad (1994) that depicted organizations as environment serving and at the same time environment dependent. Lane (2003) also indicated that environment influences the way companies work. This agrees with findings that Universities in Kenya are affected by the happenings in politics, technology advancements, globalization and what the students who are their most important stakeholder wants.

Study findings indicated that the university environment however, was not very turbulent. Linn (2007) indicated that turbulence is a measure of change as it occurs in the factors or components of an organization's environment. At one end of a continuum of change, Linn (2007) indicated that there is a static environmental state (placidity or no change) while at the other end there is a turbulent or dynamic state where all factors are in constant flux. External environment affecting the universities in Kenya is seen to fall at the middle of the continuum where it is neither static or in constant flux. This gave the institutions studied a level of stability where they were not forced to change constantly.

Study results indicated that universities scanned and monitored external environment. The study also established that universities used information gathered in the monitoring exercise to devise their strategies and strategic responses. This results concurs with what Porter (2005) had depicted. Porter (2005) indicated that the environment is complex and ever changing and it will continue to change rapidly, radically and unpredictably. Therefore managers have to keep reviewing their strategy to match the environmental demand. In order to enhance preparedness in handling surprising events an organization

needs to augment the timeliness of managerial response to the surprising changes. Strategic actions are influenced by the environmental factors. The study findings also agree with work of Pearce and Robinson (2001) who indicated that changes in the environment leads to changes in objectives and strategy by organizations operating in that environment.

Universities were reported to have various strategic responses to cope with the changes in the environment. This was necessitated by the organizations seeking to remain relevant and competent in the changing environment. Ansoff (1965) asserts that when a firm fails to respond to a threat, the losses that results continue to accumulate. This supports the study results since universities were reported to devise strategic response to remain relevant and competent in the changing environment. The findings are also supported by Ansoff and McDonnell (1990) who indicated that effective strategic responses may enable a business to influence the environment in its favour and even defend itself against competition. Hamel and Prahalad (1994) also adds that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Competition was mentioned in the study to be one factor which made universities in Kenya to seek to better their offerings on a continuous basis.

4.5.2 Comparison with Other Studies

Study findings indicated that there are threats from the environment which included increased competition from local and international institutions of higher learning, escalating cost of education, HIV/AIDS, cancer and other life threatening medical conditions, high cost of ICT facilities, poaching of staff by other institutions, high rate of

poverty in the country, increased pressure to admit more students and inadequate budgetary allocation. Other challenges included increased national competition, faculty shortage, modernization, growth of the middle class, and growing technology-driven economies globally. The study revealed that universities are challenged to make adjustments in many sectors (students, faculty, programs, degrees, locations, facilities, methods and even expectations) to satisfy the access-demand pressure. These findings agree with Mutula's (2002) findings that lack of vision, massive brain drain, shrinking budgets, overcrowding and competition from foreign universities were the major challenges facing African universities. However, as time has changed, the challenges have somehow changed and new challenges arisen.

This study revealed that most universities were still very inefficient in use of resources and they required managing resource utilization. This agreed with findings from a study by Abagi (1998) who studied resource utilization in Kenyan public universities. Abagi (1998) had indicated that these public universities were grossly inefficient in resource utilization. This indicates that universities have not fully dealt with this challenge 14 years down the line.

The study findings also agree with the findings from a baseline survey by UNESCO World Conference on Higher Education (2009) which indicated that low funding from the exchequer, increased enrolment demand, limited access compared to the population level, increased enrolment without commensurate improvement in available facilities, gender inequality, and a low research capacity, are some of the problems facing

universities in the region. These problems have compromised the quality of education in these universities. However, this study focused more on public universities and some of the challenges that affect public universities such as low budgetary allocation do not affect private universities. The emergence of private universities has brought solutions to most of these challenges. Various studies carried out on universities in Kenya like Chacha (2004) studied challenges facing higher education institutions in Kenya and the challenges have barely changed from what the universities face today. Onsongo (2007) studied the growth of private universities in Kenya and its implications for gender equity in higher education. However, gender equity was not a major challenge in higher education today as it was in 2007. more women are pursuing higher education relative to the figures in 2007.

The study findings indicated that Universities in Kenya are applying various strategic responses to adapt to the changing external environment. The universities surveyed were reported to change the way administrative services are provided and are succumbing to continuing pressure to reduce overheads which have provoked universities to revisit the distribution of administrative and support staff between central and decentralized units. Another response by universities was reported in making the universities more customer focused to remain competitive and sustainable. To deal with staff shortage, universities were reported to seek solutions to the problem of faculty shortage by hiring part-time faculty, academics from other disciplines, or retired business professionals and providing higher salaries and incentives. These findings agree with findings from a study by Smith and Tamer (1984) which indicated that colleges and universities can better serve their

student body, faculty, and the community at large by having a clearly defined strategic plan that includes both a solid mission and a vision for the future. Most of these universities as revealed from the study had adopted a strategic approach to planning.

Makori's (2008) study also compares well with this study since he studied the measures taken by universities in Kenya aimed at reinventing, re-engineering, and providing innovative information products and services to support learning and research activities or aspirations of their institutions. Makori (2008) indicated that being more research focused, collaboration with other higher education institutions, collaboration with corporate entities and Non-Governmental organisations (NGOs) were major ways universities were utilizing to ensure that they remained relevant in the bigger environment they served. Makori (2008) also indicated that universities were incorporating profitable ventures to cope with funding shortage which was another response revealed from this study.

A study by Jowi (2003) also compares well with findings from this study. Jowi (2003) had indicated that though universities were responding to the environmental challenges and stakeholder demands, they had responded rather slowly to changing circumstances. However, he had indicated that there was an urgent need for them to adjust rapidly in order to fulfill their missions and the needs of all stakeholders. This was indicated in this study that the universities were seeking more urgent strategic responses to changing environment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this section, the researcher presents the summary, conclusions and the implications of the study findings. In 5.2, summary of findings are presented. Section 5.3 presents conclusions made from the study findings while 5.4 presents implications of the study. Section 5.5 provides suggestions for further study while 5.6 present limitations of the study.

5.2 Summary of findings

This study had two twin objectives: to establish the challenges affecting universities in Kenya that emanate from the external environment and to establish the strategic responses these universities devise to counter these challenges. This study was necessitated by the continued developments in the higher education sector and the external environments of economic, social and technological.

5.2.1 Challenges Facing Universities from the External Environment

On challenges from the external environment, research findings indicated that customers/Students were the major factor bringing change to the universities, the social economic changes followed, while legislation was also mentioned as a trigger for change. Results also indicated that there were truly revolutionary changes in technology, communications, geo-politics and globalization. Further threats from the environment which were revealed from the study included increased competition from local and

international institutions of higher learning, escalating cost of education, HIV/AIDS, cancer and other life threatening medical conditions, high cost of ICT facilities, poaching of staff by other institutions, high rate of poverty in the country, increased pressure to admit more students and inadequate budgetary allocation.

Other challenges included increased national competition, faculty shortage, modernization, growth of the middle class, and growing technology-driven economies globally. The study revealed that universities are challenged to make adjustments in many sectors (students, faculty, programs, degrees, locations, facilities, methods and even expectations) to satisfy the access-demand pressure.

Results indicated that universities scanned and monitored external environment. Findings indicate that the higher education environment is not very turbulent (2.72). The results also indicate that universities have enough human resources to steer them forward (1.22). The forces that were indicated to be challenging in the environment were challenges of inadequate financing to take up the investments that can enhance the universities' growth (4.21), limited locations in the country for expansion of the university (3.92) and Competition in the higher education sector (3.97). Results also indicated that there are limited land/premise resources for expansion of the university (4.16). Findings also indicate that employment opportunities are dwindling thus making it hard for the university in placement (4.36).

5.2.2 Strategic Responses to Counter Challenges

The study was aimed at establishing the strategic responses employed by universities in Kenya to counter threats from the environment. Ways of responding which were mentioned included streamlining of administrative processes, inviting all staff and students to submit suggestions for streamlining their administrative services and automation.

Universities were also reported to revisit the centralization - decentralization paradigm of administration. The universities surveyed were reported to change the way administrative services are provided and are succumbing to continuing pressure to reduce overheads which have provoked universities to revisit the distribution of administrative and support staff between central and decentralized units. Another response by universities was reported in making the universities more customer focused to remain competitive and sustainable.

To deal with staff shortage, universities were reported to seek solutions to the problem of faculty shortage by hiring part-time faculty, academics from other disciplines, or retired business professionals and higher salaries and incentives.

On how they designed strategic responses, results indicated that there is a strategic approach to responses to major challenges facing the universities (4.72). The results also indicate that top management in the universities provides the leadership and direction required in formulating strategic responses (4.22). Strategic plans by the universities were

also indicated to be fine-tuned along the way to fit to environmental changes (4.78). Further, the respondents indicated that the universities always ensure that there is a strategic fit between the strategies and the environment (4.02). On strategic responses applied, findings indicate that collaborating/partnering with middle level colleges (4.06), opening a campus on a high demand area (4.35), starting evening programmes (4.57) and starting weekend classes (4.46) were the major strategic responses employed by the surveyed universities. Other strategic responses that universities largely applied include competitive hiring of management staff (4.45) and starting an economic wing within the university (3.84).

Results revealed that 14 (64%) of the respondents indicated their responses to be effective while 8 (36%) indicated that the applied responses were not effective. The effective responses included forming partnerships and alliances, forging links with other institutions and the corporate world in general, improving resource management and governance, increasing and diversifying the revenue base, safeguarding, upgrading and fully exploiting university assets and preparing a university master plan for the development and use of physical facilities. Findings also indicated that universities in Kenya are responding by becoming more committed to achieving excellence in their core business of teaching and learning. As such, they are ensuring that they offer quality academic programmes. These programmes are designed to meet the social, economic and development needs of the country. Another effective response was research, consultancy, innovation and technology transfer through developing and implementing appropriate research programmes and promoting relevant consultancy services.

5.3 Conclusions

The study concludes that universities in Kenya face various environmental challenges including increased competition from local and international institutions of higher learning, escalating cost of education, lack of integration between curriculum and industry demands, low ICT integration, HIV/AIDS, cancer and other life threatening medical conditions, high cost of ICT facilities, poaching of staff by other institutions, high rate of poverty in the country, increased pressure to admit more students and inadequate budgetary allocation. Other challenges included increased national competition, faculty shortage, modernization, growth of the middle class, and growing technology-driven economies globally.

Strategic responses to cope with these challenges included top management in the universities providing the leadership and direction required in formulating strategic responses, fine tuning strategic plans by the universities to fit to environmental changes, ensuring a strategic fit between the strategies and the environment and collaborating/partnering with middle level colleges. Other responses included starting evening programmes and starting weekend classes to take care of working class.

Strategic responses applied by universities included forging links with other institutions and the corporate world in general, improving resource management and governance, increasing and diversifying the revenue base, safeguarding, upgrading and fully exploiting university assets and preparing a university strategic plan for the development and use of physical facilities.

Another response included promoting research, consultancy, innovation and technology transfer through developing and implementing appropriate research programmes and promoting relevant consultancy services.

5.4 Implications of the Study

Following the findings from this study, the following implications are expected. First, universities will use the findings from the study to develop strong linkages and partnerships that enhance mutual learning, research and innovation. Strong linkages and partnerships will enhance dissemination and utilization of research findings and innovations emanating from the universities. Strong linkages and partnerships will also enable universities to access resources available in the private sector. Further, linkages and partnerships provide platforms for consensus regarding policies on strategic areas of the economy and encourage pooling of human, physical and financial resources.

Secondly, universities will use the findings from this study to enhance their monitoring of the developments in the global, regional and local social and economic systems to ensure that their training and development is in line with the current needs in the country and globally. They should link with professional bodies like the Kenya Medical and Dentistry Association, the Kenya Engineering Association, the Kenya National Academy of Sciences, and other discipline professional bodies that serve useful mandates whose formal linkages with the universities would improve the services they provide.

Thirdly, universities through the use of study findings will develop comprehensive ICT policies and strategies. They should also allocate enough funding to ICT as it can be a very important enabler to change and strategic response. Kenyan universities should strive to provide classroom ICT services and equip all faculty offices with effective computers. They should also have an e-learning platform. Further, they should provide incentives for the use of ICT in teaching and learning and try to enhance relevant local content that faculty could use for teaching or that students could access.

5.5 Limitations of the Study

This study was faced by various limitations in the methods applied, scope, data collection and results from the collected data. First, the researcher used the universities that have a campus in Nairobi. This made a response rate of 22 campuses and though they represent all the universities in Kenya, this size was small which limited the use of descriptive statistics. Descriptive statistics are known to apply in data with a big sample size and this was not the case in this study. However, the researcher complemented the descriptive statistics with an in-depth content analysis which was enabled by data from open questions. This served the purpose of attaining objectives from the study.

The second limitation was scope. This study focused on the university campuses which are in and around Nairobi. This was due to limitations in time and other resources which required the scope to be narrow enough to be manageable. However, this limited the richness of data since the administrators in Nairobi may not have information on all the environmental challenges and strategic responses applied by those universities and

campuses outside Nairobi. This may therefore provide a limitation in generalizing the findings to other campuses outside Nairobi. However, this limitation is lessened by the fact that all major universities have a campus in or around Nairobi and was represented in the study.

Another limitation was in data collection methods applied. The researcher applied the questionnaire only as the data collection instrument. Another data collection method such as interview would have complemented the questionnaire. However, this limitation was managed by making the questionnaire as comprehensive as possible and by having open questions in the questionnaire meant to probe further.

5.6 Suggestions for Further Research

Future studies should be undertaken in Kenya using customers/students and employers as the main subjects of the studies. Particularly, it would be helpful for stakeholders including relevant government departments and universities to conduct regular surveys and specifically seek opinions of prospective employers and students what the major weaknesses and challenges to higher education are.

Similarly, regular surveys need to be undertaken to obtain perceptions of university students on various courses, jobs and industries. Such surveys shall produce information that will inform the process of curriculum development in Kenya's universities so as to make higher education in Kenya more relevant to the country's current and future development needs.

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APPENDICES

Appendix I: Questionnaire to senior university administrators

SECTION A: GENERAL INFORMATION

(Kindly [√] tick as appropriate or put your response on the space provided)

1. When did the university start this campus?.....
2. How many campuses does the university have?.....
3. How many employees does the campus currently have?.....

SECTION B: CHALLENGES FROM EXTERNAL ENVIRONMENT

1. What changes have happened in the external environment that impact on your institution?

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

2. How is your Institution affected by these changes?

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

3. Does the university monitor the external environment to establish any threats facing it?

Yes []

No []

4. State the extent to which you agree or disagree on the statements below (tick appropriately)

Very Great Extent [5] Great extent [4] Moderate Extent [3]

Low Extent [2] Very Low Extent [1]

Statement	Response Ratings				
	1	2	3	4	5
The environment under which the university operates is highly turbulent with a lot of changes that affect our strategy					
There is limited talented pool of faculty and staff to provide the university with requisite skills					
Government usually bring policies are regulations which are costly to cope with					
The job market is continually changing necessitating the university to continually transform itself and provide value					
The University faces challenges of inadequate financing form the government/owners					
The higher education sector is usually affected by political interference					
The University faces problems in trying to source funds by increasing the student population in limited facilities					
There are limited land/premise resources for expansion of the university					
Competition in the industry is cutthroat					
Employment opportunities are dwindling thus making it hard for the university in placement					
Other indicators, please specify					

5. In your view, of the above mentioned challenges, what can you tell as the major threats facing the university from the external environment?

.....

.....

.....

.....

SECTION B: STRATEGIC RESPONSES TO ENVIRONMENTAL CHALLENGES

1. How have your institution responded to the changes to the external environment mentioned in section I?

.....

.....

.....

2. State the extent to which you agree or disagree on the statements below (tick appropriately)

Very Great Extent [5] Great extent [4] Moderate Extent [3]

Low Extent [2] Very Low Extent [1]

Statement	Response Ratings				
	1	2	3	4	5
There is a strategic approach to responses to our major challenges					
Top Management provides the leadership and direction in formulating strategic responses					
All stakeholders more so employees and staff are consulted in the designing strategic responses					
There is top management support and commitment to the process of designing and implementing strategic responses					
The university is fast in responding to environmental threats					
Top Management give resources to formulate and implement strategic responses successfully					
The university usually follows the actions of the others in the sector					
The university usually monitors the environment continually to establish threats and act on them on a timely manner					
Our strategic plans are altered along the way to fit to environmental changes					
The university always ensures that there is a strategic fit between the strategies and the environment					
Other indicators, please specify					

3. State the extent to which this institution have applied the stated response to cope with environmental changes

Very Great Extent [5] Great extent [4] Moderate Extent [3]

Low Extent

[2]

Very Low Extent

[1]

Statement	Response Ratings				
	1	2	3	4	5
Collaborating/partnering with a middle level college					
Starting module II programmes					
Acquiring or taking over an existing institution					
Opening a campus on a high demand area					
Starting evening programmes					
Starting weekend only classes					
Starting an economic wing within the university					
Competitive hiring of management staff					
Other indicators, please specify					

4. What are the notable most effective responses that the university has adopted which have proved to be very beneficial?

.....

.....

.....

5. Have the applied strategic responses been helpful in helping the university cope with its challenges?

Yes []

No []

6. What can you recommend to the university to enable it deal with its challenges and to make its current responses effective?

.....

.....

.....

Thank you for you participation

Appendix II: Accredited universities in Kenya

1. University of Nairobi (UoN)
2. Maseno University
3. Masinde Muliro University of Science and Technology (MMUST)
4. Egerton University
5. Moi University
6. Kenyatta University (KU)
7. Jomo Kenyatta University of Agriculture and Technology (JKUAT)
8. Kenya Methodist University (KeMU)
9. Daystar University
10. Scott Theological College
11. Mt. Kenya University (MKU)
12. Greta University
13. Presbyterian University of East Africa (PUEA)
14. St. Paul's University
15. University of Eastern Africa, Baraton
16. Kabarak University
17. Africa Nazarene University
18. Kenya Highlands Evangelical University
19. Great Lakes University of Kisumu (GLUK)
20. Catholic University of Eastern Africa (CUEA)
21. United States International University (USIU)
22. East Africa School of Theology (EAST)
23. Inoorero University (IU)
24. Strathmore University
25. Nairobi Evangelical Graduate School of Theology (NEGST)
26. Nairobi International School of Theology (NIST)
27. Aga Khan University (AKU)

Source June 2012: (<http://www.scienceandtechnology.go.ke/index.php/rad-institutions>).