RESPONSES TO CHANGES IN
THE EXTERNAL ENVIRONMENT IN SERVICE INDUSTRY :

A CASE STUDY OF
TEACHERS SERVICE COMMISSION

BY;
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DECLARATION

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

Signed..Date ...07. 12. 2004

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

Signed ....Date 7th/12/2004

DR.MARTIN OGUTU

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DEDICATION

To my Mother, who inspired and taught me to strive for excellence in everything I do and never settle for less.

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May God bless you all.

ABSTRACT

This management research has two major objectives, to establish changes in the external environment that TSC consider having great impact on its operations and to determine TSC's response to the changes in the external environment. This is a case study whose respondents comprise of the departmental heads of the organization .The primary and secondary data collection methods were applied. Personal interviews were carried out and questioners were used to collect primary data. Content analysis method was used for data analysis.

The findings of the study were that TSC has been severely affected by the changes in the external environment, which have been analyzed in the areas of the political, economic social/cultural, and technological. In conclusion the organization has adopted both strategic and operational responses in order to offer effective service to the teachers

Recommendations for policy and practice are that the organization should be set free from political interference in order for it to offer efficient services to its clients. Technological advancement should be enhanced to promote efficiency in the organization's operations. The organization should have a direct funding and not rely on funding from the Ministry of Education and have attractive remuneration for the teachers. .

CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND

In the 1990s, faced with global competition, technological change, and threats by smaller and less hierarchical competitors, companies are forced to seek for ways of new inward approaches to strategic management. Ansoff and McDonnell (1990) states that successful environment serving organizations, are open systems and use strategies that ensured continued organizational survival in the environment. They further state that a major escalation of environmental turbulence means a change from a familiar world of marketing and production to unfamiliar world of new technologies; new competitors, new consumer attitudes, new dimensions of social control and above all unprecedented questioning of the firms role in the society.

Kay (1993) also concluded that successful corporations based their strategies on an effective match between the external relationships of the firm and its own distinctive capabilities. According to Kay, the success of a firm is often based on the exploitation of the capabilities, which the firm already enjoys. As such, strategy should begin with an understanding of what these distinctive capabilities are.

Ulrich and Lake (1990) stressed that in the 1990s; a company's success will

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depend not only on its ability to meet customer needs but also on how well an organization's internal processes work to meet its external demand. The authors pointed out that the traditional means of gaining competitive advantage through building better products or services, pricing of goods or services are lower than the competition, or incorporating technological innovation into research and manufacturing operations are no longer adequate.

According to Schoemaker' (1992) the framework of building a firm's strategic vision, is linking the strategic vision to the firm's core capabilities. According to the author, if a firm's core capabilities are scarce, durable, defensible, or hard to imitate, they can form the basis for sustainable competition and surplus profit.

According to Christopher (1996) the service sector of the economy is going through a period of almost revolutionary proportions in which established ways of doing business continue to be shunted aside. Around the world, innovative newcomers offering new standards of service have succeeded in markets where established competitors have failed to please today's demanding customers .It has been said that the only person in the world who appreciates a change is a wet baby. But the willingness and ability of managers in service firms to respond to the dramatic changes affecting the service economy will determine whether their own organizations survive and prosper or go down to defeat at the hands of more agile and adaptive

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competitors. Among the keys to competing effectively in this new and challenging environment are skills in marketing strategy and execution areas in which many service firms have traditionally been weak.

1.2 THE TEACHERS SERVICE COMMISSION

The History of the Teachers Service Commission dates back to the colonial times when teachers were employed by different bodies namely: The Missionaries and the Government for primary school teachers .The African Teachers Service and the Government for both African and European Secondary school teachers.

The Kenya National Union of Teachers, established in 1957, an umbrella body of teachers found it unnecessary to have the decentralized system of handling teachers affairs. It therefore made it, its priority to press for the employment of teachers by a central body, which led to the establishment of the Teachers Service Commission (TSC) under an Act of Parliament (Cap 212) of the Laws of Kenya in 1967.

The Teachers Service Commission was mandated by the Act to:

1. Establish and keep a Register of teachers

2. Establish and maintain a teachers service adequate to the needs of public schools in Kenya

3.Recruit, employ, assign, pay, promote, transfer and exercise powers conferred on the Commission by the Code of Regulations for teachers on all

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public school.

4. To delegate to any person, with consent of the Minister and subject to such conditions as he may impose, any of its powers

5. To compile, publish, amend the Code of Regulations for teachers. Not to register unsuitable persons as teachers

6. To keep under review standards of education, training, fitness to teach appropriate to persons entering the service and to supply teachers and render advice to the Minister.

The Commission is set up into various departments and divisions that carry out specific

Functions to implement the mandate of the Commission as stipulated.

At its inception the Secretariat had a total number of 100 staff under one department who carried out consulting and coordinating services. It was during this time that formulations of policies were being laid down and subsequently the first draft of the Code of Regulations for teachers 1972 was drawn. It was later brought to parliament and first published in 1976 and later revised in 1986.

From the 100 members of staff with three Commissioners under the chairmanship of Mr. John Malinda who also doubled up as Director of

Personnel Management the Commission has grown to total number 2,020 staff member, Under four major departments namely Finance, Audit, Staffing and Human Resource Management Development and Administration. With its growth and expansion the Secretariat has been able to move from its initial offices occupying two floors of College House opposite the University of Nairobi to the Bazaar House situated at the Moi Avenue.

Secondary schools functions were coordinated from the Ministry of Education Headquarters. Due to the expanding demands of the teachers and growth of their numbers by 1972, centralization of the salary processing was vital hence all was brought under Teachers Service Commission. Teachers Service Commission serves all the 235,000 teachers who are geographically distributed all over the country serving in over 17,000 primary schools and 3,000 secondary schools and tertiary institutions. To serve them all, the Commission has established units at the provincial and district levels as per the recommendations of the National Committee on Educational Objectives and Policies of 1976.

Services provided by the Commission since its inception has seen the teachers contributing a lot to the growth of our country's social, economic and political dimensions. Over time most have contributed largely in shaping the country's education and its future growth.

Environmental Influences on the Teachers Service Commission:-

1.2.1 Political factors. These include forces, which affect TSC as an organization. The direction and stability of political factors is a major consideration for TSC. How TSC has carried out its operations over the years has to a large extend being influenced by what is happening politically, as such the organization is not able to make independent decisions as required by the mandate.

1.2.2 Economic Factors: -This will concern the nature and direction of the economy in which TSC is operating. It is important to note that TSC depends on the government and donor organizations to fund its operations.

The most successful service firms separate themselves from the "pack" to achieve a distinctive position in relation to their competition. TSC Has continued to loose experienced teachers to the private schools because they are offered better terms of service.

1.2.3 Social-cultural Factors: - The factors involve population, social mobility, beliefs, Education, values, culture kike gender roles, and attitude to work and leisure. Like other forces in the external environment, social factors are dynamic, with constant changes resulting from efforts of individuals to satisfy their desires and needs by controlling and adapting to environment .The question is whether TSC responded to these factors and how.

There has however been woe and cry about the services offered by the Teachers service Commission.

There has been concern over poor quality Service delivery, where, when, and how the service product is delivered to the customer .The TSC has not faired very well in this and has been viewed as not being mindful of the. Teacher. The organizations office at the headquarters is often characterized by long queues. Nobody likes to be kept waiting. Its boring, time wasting, and sometimes uncomfortable and yet the teachers are kept waiting somewhere in its operations. The root cause is sometimes to be found in one or more delays behind the scenes, where service personnel are themselves being kept waiting for a necessary action to occur somewhere else in the system.

Waiting lines or queues occur whenever the number of arrivals at a facility exceeds the capacity of the system to process them. Queues are basically a symptom of unresolved capacity management problems.

1.2.4 Technological Factors: - To avoid obsolescence and promote innovation, a firm must be aware of technological changes that might influence its industry; There should be more and more opportunities to enhance service and also to improve productivity through intelligent applications of information

Technology, for example obtaining more information, making payments .The Internet is expected to play a major role in service delivery.

Information can be provided in many forms, including reprinted brochures, signs or pre-recoded messages .If customers prefer to talk to service

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personnel face to face they should be ready to answer their questions.

Organizations can turn their employees into instant experts by giving them access to relevant information.

TSC has not fully computerized its operations making it difficult for the employees to attend to teacher's problems efficiently.

The relationship between the teacher and the commission many times has been stormy over the years.

There has been the issue of the salary increase, which has over the years set the teachers against the employer.

Of late the recruitment of new teachers being done from the district level has put TSC on the spotlight and there has been an outcry on the same. TSC seem not to have prepared on how the recruitment exercise should be carried without being misused by the agents in the field.

Teachers Service Commission has faced a lot of challenges since the liberalization of Education and competition has intensified. There are many schools being operated privately and as a result experienced teachers have continued to resign from TSC employment to seek employment in private institutions because they offer better terms of service.

1.3 THE STATEMENT OF THE PROBLEM

The education environment in Kenya has drastically changed since the 1990s. The changes that the education system has gone through is

tremendous from the times of colonial regime where school principals and educational officials were reserved for the whites through the Missionaries to the Africanization of the systems speaks volumes of the changes that have taken place resulting to the African Teachers Service and the Government for both African and European Secondary school teachers.

The changes posed serious strategic threat to existing institutions. Studies on responses to environmental changes in Kenya focused on various industries, some of the studies done were sheikh (2000) on the insurance industries, warucu (2001) on the banking industry and kandie (2001) on the telecom Kenya Ltd. Bett (1995) on the Dairy industry, Chene (1998) on the food manufacturing industry, Kombo (1997) on motor franchise holders, Amurle (2003) on family planning, Goro (2003) commercial banks, Kiptugen (2003) on KCB, Migunde (2003) on Kenya Broadcasting Corporation, Mairura (2003) on level of satisfaction of teachers and Mwanthi (2003) on BAT,

The Teachers Service Commission, which is the subject of the current study although looked at by Mairura (2003) the Study focused on level of satisfaction and not how it has responded to environmental changes. It is therefore important to carry out a study to find out these issues which have greatly impacted on TSC and how it has responded to the changes in its external environment This is a large organization that handles over 75%of the country's teaching force. Teachers Service Commission transformed

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from merely serving as a staffing unit of the Ministry of Education to currently handling all that is stipulated in the mandate. It has strategically positioned itself at a competitive edge providing service for quality teaching to the largest workforce in the Civil Service totaling 235,000 serving teachers with a current wage bill of Kshs.44.4 billion. This makes TSC an important institution in Kenya and is facing changes in the environment that ranges from political, economical, social cultural, technological, legal that will see it react to the environment .In spite of the major environmental changes it has continued to experience TSC is still surviving. How TSC is responding to these changes is an issue worth considering. The Institutions faced by such environmental changes are expected to respond by adopting the appropriate strategic responses. Teachers Service Commission is equally expected to respond to those changes.

It's not clear whether Teachers Service Commission has responded to these changes. This is what researcher set out to investigate in this study. The questions to be answered in this study are that;

- What are the changes in the external environment that TSC consider to have great impact on its operations?
- What is the Teachers Service Commission response to the changes in its macro environment?

1.4 OBJECTIVES OF THE STUDY

1. To establish changes in the external environment that TSC consider

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having great impact on its operations.

2. To determine TSC response to the changes in its external
environment.

1.5 JUSTIFICATION OF THE STUDY

The research study will be of importance to Teachers Service Commission in understanding the need of strategic management practices in enhancing a competitive edge. Economic planners who may require knowledge on strategic management practices carried out by Teachers Service Commission will use the results of this study. The Government in formulating policies that relate to the economic forces prevailing in the country that put pressure on organizations and its citizens. The Scholars would use it for reference and further research in external forces affecting organizations operating in Kenya or any other country hence act as authority.

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CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

The chapter is structured based on the research questions. It addresses the strategic management process in changes in the external environment affecting Teachers Service Commission. Importance and of situational analysis to Teachers Service Commission in formulating implementing strategies in uncertain external environment and the approaches to strategic management that Teachers Service Commission use.

2.2 THE CONCEPT OF STRATEGY

The origin of the concept of strategy is said to be from the Greek word 'stratego', meaning 'to plan the destruction of one's enemies through effective use of resources' (Bracker, 1980). The concept was developed purely on the basis of war. This concept remained a military one until the nineteenth century when it begun to be employed to the business world. Some scholars think however, that the time when the term began to be employed to the business is untraceable (Burnes, 1996). There is no single universally accepted definition of strategy. However there are several definitions from different authors that capture the meaning of the concept.

Aosa (1988) states that strategy is creating a fit between the external

characteristics and the internal conditions of an organization to solve a strategic problem. The strategic problem is mismatch between the internal characteristics of an organization and its external environment. The matching is achieved through development of organization's core capabilities that are correlated to the external environment and will be enough to enable the exploitation of opportunities existing in the external environment and to minimize the impact of threats from the external environment. Strategy is therefore required in order for an organization to obtain viable match between its external environment and its internal capabilities. Organizations must also continuously and actively adapt to the change to meet the demands of an ever-changing environment.

Porter (1996) asserts that strategy is creating a fit among company's activities. The success of a strategy depends on doing many things well – not just a few- and integrating them. If there is no fit among activities, there is no distinctive strategy and little sustainability. The company's activities include its effective interaction with the environment in that these activities are geared towards serving external environment.

From our discussions, we note how inter-related the organizations and their external environments are. This is where the organization outputs are discharged and where inputs come from. We also note that the company must discharge those outputs that meet the needs of the external

environment. This external environment is always changing, sometimes more turbulently than other times. Consequently, the company must not only configure its resources to meet these needs but must develop foresight, flexibility and speed in order to respond to these changes in a timely manner.

2.3 NATURE OF THE ENVIRONMENT

Environmental conditions facing organizations are often described as falling along a continuum ranging from benign to hostile. Benign environments afford a safe setting for business operations in which competition is relatively predictable and orderly. Hostile environments, on the other hand, are characterized by precarious industry settings, intense competition and harsh business climates. Hostility is an environmental dimension, which by its definition poses a threat to firm viability and performance, and a growing body of research has focused upon its relationship to competitive behavior and firm performance (e.g., Covin & Slevin, 1989, Davis, Morris & Allen, 1991). However, the results of much of this research are fragmented and somewhat contradictory. In fact, the only recurrent theme in this literature is that the degree of environmental hostility facing businesses and the pace of environmental change are increasing (Miles & Arnold, 1991; Morris & Paul, 1987; Miller & Friesen, 1983).

The adverse effects of increased environmental hostility probably poses the greatest threat to small businesses due to their limited resources and relative inabilities to survive the consequences of poor managerial decisions (Covin & Slevin, 1989). Learning to compete in a hostile environment will become increasingly important. This is particularly true for small rural retailers, which face the continuing and rapid expansion of large discount

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chain stores into their markets. Rural retailing markets were once quite benign. Environmental conditions were relatively stable, as demonstrated by the longevity of many firms in those markets. The existing small merchants generally competed in an orderly manner. However, the entry of a large discount chain store most often dramatically disrupts this tranquility for many local merchants, with the newly located chain store often taking market share from the existing businesses. Unfortunately, the existing literature is of limited value to small retailers, which confront a recently created hostile environment. Most of the prior research has focused on the appropriateness of various competitive behaviors of either large or industrial firms (e.g., McGinnis & Kohn, 1993; Zahra, 1993).

2.4 ENVIRONMENTAL TURBULENCE

Today, many industries are facing an ever-increasing level of environmental uncertainty. The environment is becoming both more complex and more dynamic. As this environmental turbulence mounts, competition becomes hyper competition, a term Richard D Aveni coined to denote a form of competition where "the frequency, boldness, and aggressiveness of dynamic movement by the players accelerates to create a condition of constant disequilibrium and change (DAveni, 1994).

Increasing environmental uncertainty, complexity, and turbulence pose a threat to strategic managers because they hamper their ability to develop long-range plans and to make decisions that keep their organization in

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equilibrium with its external environment. Rather than re-thinking how managers should approach planning processes in this new world, traditional strategic planning wisdom has re-doubled the focus of attention on the planning tools themselves, suggesting that environmental scanning, evaluating, and forecasting tools will become ever more important to make sense of the rapidly changing landscape (e.g., Auster & Choo, 1994; Elenkov, 1997; Preble, 1992; Reynolds, Lindstrom, & Despres, 1994; Thomas, Clark, & Gioia, 1993; Yasai-Ardekani & Nystrom, 1996).

2.5 RESPONSES
Organizations are environment dependent. No organization can exist without the environment. They depend on the environment for their survival and they scan the environment in effort of budding trends and conditions that could eventually affect the industry and adapt to them (Thompson and Striclland 1993). Failure to do this will lead to serious strategic problem characterized by the maladjustments of organizations output and the demands of the external environment (Ansoff 1984). Responses of any organization can be both strategic and operational. Strategic decisions are likely to affect operational decisions .The link between overall strategy and operational aspects of an organization is important because, firstly if the operational aspects of the organization are not in line with the strategy, then no matter how well considered the strategy it will not succeed.

2.5.1 STRATEGIC RESPONSES

This well-known marketing tool was first published in the Harvard Business

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Review (1957) in an article called 'Strategies for Diversification'. Marketers who have objectives for growth use it. Ansoff's matrix offers strategic choices to achieve the objectives. There are four main categories for selection.

Ansoff and Mcdonnel (1990) noted that strategic responses involve changes in firm's strategic behaviors to assure success in the transforming future environment. The choice of the response depends on the speed with which a particular threat or opportunity develops in the environment. The types of strategies include intensive strategies, integration strategies, diversification strategies and defensive strategies

2.5.2. INTENSIVE STRATEGIES

These strategies require intensive efforts to improve a firm's competitive position with existing products

2.5.2.1 Market Penetration strategies

Firms market existing products to the existing customers. This means increasing revenue by, promoting the product, increasing number of sales persons repositioning the brand, increasing advertising expenditure. However, the product is not altered and the firm does not seek any new customers. Market penetration strategies are most appropriate when increased economies of scale provide major competitive advantages.

2.5.2.2 Market Development strategies

Involves introducing present products into new geographic areas. This means that the product remains the same, but it is marketed to a new audience. Exporting the product, or marketing it in a new region, is examples of market development. Market development is most effective when new channels of distribution are available that are inexpensive, reliable and of good quality. This strategy may also be applied when an organizations basic industry is rapidly becoming global in scope.

2.5.2.3 Product Development strategies

New products are developed to replace existing ones. It entails extensive research and development expenditures. When an organization has successful products that are in the maturity stage of the product cycle; the idea is to attract satisfied customers to buy new improved products as a result of their positive experience with the organizations present products. The strategy is effective when an organization competes in an industry characterized by rapid technological developments and when major competitors offer better quality products at comparable prices. This strategy applies when an organization is competing in a high growth industry. This often happens with the auto markets where existing models are updated or replaced and then marketed to existing customers. (Pearce and Robinson (1997). The strategy is used to prolong the life cycle of a current product or to take advantage of a brand name.

2.5.3 INTEGRATION STRATEGIES

These strategies allow firms to gain control over distributors, suppliers and competitors.

According to Fred (1989), Forward integration, backward integration, and horizontal integration are all referred to as integration strategies.

2.5.3.1 Forward Integration.

This involves gaining ownership of increased control over distributors or retailers. This strategy is appropriate when a firm competes in an industry that is growing and is expected to continue growing.. This is a factor because forward integration reduces an organizations ability to diversify if its basic industry falters. Another suitable situation for this kind of response would be when present distributors or retailers have high profit margins: the situation suggests that a company could profitably distribute its own products and price them more expensively by integrating forward.

2.5.3.2 backward integration

This strategy is appropriate when a firm's current suppliers are unreliable, too costly, or cannot meet the firms' needs. The firm therefore will seek to increase control of its suppliers. This strategy is also applied when firms' suppliers are few and the numbers of competitors are few, a firm is operating in a fast growing industry.

2.5.3.3 Horizontal integration

This refers to the strategy of seeking ownership of or increased control over a firms competitors. One of the most important trends in strategic management today is the increased use of horizontal integration as a growth strategy. This strategy is most effective when an organization can gain monopolistic characteristics in a particular areas or region without being challenged by the federal government for trying to reduce competition. It is also applicable when an organization competes in a growing industry. Horizontal integration can as well be effective when competitors are faltering due to lack of managerial expertise or a need for particular resources that your organization possesses.

2.5.4 DIVERSIFICATION STRATEGIES

There are two types of diversification, namely related and unrelated diversification. Related diversification means that a business remains in a market or industry with which it is familiar. For example, a soup manufacturer diversifies into cake manufacture (i.e. the food industry). Unrelated diversification is where we have neither previous industry nor market experience. For example a soup manufacturer invests in the rail business.

There are three types of diversification strategies, concentric, horizontal, and conglomerate

2.5.4.1 *concentric diversification strategy* involves adding new and related products or services. Addition of new but related products enhances the sales of the current products.

2.5.4.2 *Horizontal diversification* involves adding new unrelated products or services for present customers. This strategy may be applied when an organization operates in a very competitive and /or a non-growth industry. An organization may use its current distribution channels to market its new products to current customers.

2.5.4.3 *Conglomerate diversification* involves adding new unrelated products or services. The strategy is most effective when an organizations basic industry is experiencing declining sales and profits. Firms pursue conglomerate diversification based in part on an expectation of profits from breaking up acquired firms and selling divisions piecemeal.

2.5.5 DEFENSIVE STRATEGIES

Organizations can also pursue strategic alliances and joint ventures. Divestiture, retrenchment, joint venture, liquidation, and mergers/acquisitions

2.5.5.1 *Strategic alliances.* With slimming down of organizations and the contracting of some of its functions, there arises a need to pull resources

with other organizations in order to exploit opportunities and to share ideas and information. These alliances take three forms namely:

Service alliance. This is where two or more organizations form a cross company consortium to undertake a special project with a limited life span. Alliance of this kind is considered, when resources of several partners are insufficient to allow them to undertake the project by themselves.

Opportunistic alliances: is made of joint ventures whose aim is to take advantage of an opportunity that has arisen. Such alliances enhance competences like market access and technological innovation.

2.5.5.2 *Joint Venture*: occurs when two or more companies form a temporary partnership or consortium for the purposes of capitalizing on some opportunity. This strategy is defensive because the firm is not undertaking the   project alone. The sponsoring firms form a separate organization and have shared equity ownership in the new entity. Other types of cooperative arrangements include research and development partnerships cross-manufacturing agreements, and joint-bidding consortia

2.5.5.3 *Retrenchment*: Occurs when an organization regroups through cost and asset reduction to reverse declining sales and profits. It is designed to fortify an organizations basic distinctive competence. During retrenchment, strategists work with limited resources and face pressure from shareholders, employees and the media. This strategy would be very effective when an organization has a clearly distinctive competence, but has failed to meet its

objectives and goals consistently over time.

2.5.5.4 Divestiture: This occurs when a division or part of an organization is sold. It is used to raise capital for further strategic acquisitions or investment. It is often used to rid an organization of unprofitable businesses.

2.5.5.5 Liquidation: This involves the selling of a company's assets, in parts, for their tangible worth. It is the recognition of defeat and consequently can be an emotional difficult strategy. Firms find it better to cease than to continue losing huge sums of money.

2.5.5.6 Mergers and Acquisitions: This allows companies' access to new products or markets (Johnson and Scholes 2001). In some cases the product or market are changing so rapidly that this becomes the only successful way of entering the market successfully. Another reason for acquisition is lack of resources or competence to develop a strategy internally competitive environment may influence a company to choose acquisition. Financial motives are another reason as well as costs involved. Mergers are a result of organizations coming together voluntarily. This is likely because they are seeking synergies benefits, perhaps as a result of common impact of a changing environment in terms of either opportunities or threats.

Many organizations pursue a combination of two or more strategies simultaneously, but a combination of strategies can be exceptionally risky if it is carried too far .If an organization can afford to pursue all the strategies that might benefit the fir, Difficult situations must be made, Priorities must

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be established. Organizations like individuals have limited resources and therefore must choose among alternative strategies to avoid indebtedness.

2.5.6 GENERIC STRATEGIES

Generic strategies were at their most popular in the early 1980 s, Porter (1980) outline the three main strategic options open to organizations that wish to achieve a sustainable competitive advantage. Each of the three options are considered within the context of two aspects of the competitive environment:

Pearce and Robinson (1997) observes that a long term or grand strategy must be based on a core idea about how a firm can best compete in the market place

2.5.6.1 Overall Cost Leadership

The low cost leader in any market gains competitive advantage from being able to produce at the lowest cost. Organizations, which pursue this strategy, aim to keep their total costs lower than those of their competitors. This means operating at high volume so that economies of scale are realized. Managers concentrate their attention on maintaining lower costs in relevant phases of their value chains. Factories are built and maintained, labor is recruited and trained to deliver the lowest possible costs of production. 'Cost advantage' is the focus. Costs are shaved off every element of the value chain. Products tend to be 'no frills.' However, low cost does not always lead to low price. Producers could price at competitive

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parity, exploiting the benefits of a bigger margin than competitors. Some organization, such as Toyota, are very good not only at producing high quality autos at a low price, but have the brand and marketing skills to use a premium pricing policy. A low cost protects a firm against all competitive forces. To achieve a low overall cost position a firm will require a high relative market, such as easy access to raw materials.

2.5.6.2 Differentiation

Differentiated goods and services satisfy the needs of customers through a sustainable competitive advantage. This allows companies to desensitize prices and focus on value that generates a comparatively higher price and a better margin. The benefits of differentiation require producers to segment markets in order to target goods and services at specific segments, generating a higher than average price. For example, British Airways differentiates its service. The differentiating organization will incur additional costs in creating their competitive advantage. These costs must be offset by the increase in revenue generated by sales. Costs must be recovered. There is also the chance that competitors could copy any differentiation. Therefore there is always an incentive to innovate and continuously improve. Porter (1980) observes that differentiation is a viable strategy for earning above average returns in an industry, because it creates a defensible position for coping with the five competitive forces in a different way than cost leadership. Strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute

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(Pearce and Robinson). Value for money must be stressed because a differentiator will not succeed if the extra prices it charges are greater than the extra value perceived by the customer. Naylor (1996). According to Porter (1980), the firm, which has differentiated to achieve customer loyalty, should be better-positioned Vis-à-vis substitutes than its competitors.

2.5.6.3 Focus or Niche strategy

The focus strategy is also known as a 'niche' strategy. Where an organization can afford neither a wide scope cost leadership nor a wide scope differentiation strategy, a niche strategy could be more suitable. Here an organization focuses effort and resources on a narrow, defined market segment. The market is often defined geographically, although social group could split it, gender, and age. Competitive advantage is generated specifically for the niche. Smaller firms often use a niche strategy. A company could use either a cost focus or a differentiation focus. With a cost focus a firm aims at being the lowest cost producer in that niche or segment. With a differentiation focus a firm creates competitive advantage through differentiation within the niche or segment. There are potential problems with the niche approach. Small, specialist niches could disappear in the long term. Cost focus is unachievable with an industry depending upon economies of scale. Michael Treacy and Fred Wiesema (1993) have modified Porter's three strategies to describe three basic "value disciplines" that can create customer value and provide a competitive advantage. Firms have to either focus themselves on low cost strategy or on a differentiation

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for superior performance. Firms without a competitive advantage in either of these basic strategies are unlikely to survive. And those trying to pursue both low-cost and differentiation are stuck in the middle.

According to Porter (1980) there are risks in pursuing the generic strategies. First is failing to attain or sustain the strategy. Second is the value of the strategy advantage provided by the strategy to erode with industry evolution

2.6 OPERATIONAL RESPONSES

At any given point in time, the products and competitive position of a firm are very important. Hayes (1996). In a dynamic environment facing most firms today, products quickly become obsolete and static competitive positions are rapidly overtaken. In such an environment, the only real source of competitive advantage is the ability to respond consistently to changing markets with new products and *ever -improving competitiveness* .A firm can achieve this ongoing renewal by identifying, developing and maintaining its critical capabilities .The critical capabilities are those that are difficult to develop and are created by three common characteristics namely:

Complexity: Critical capabilities develop in processes that are highly complex.

Organizational Diffuseness: Critical capabilities involve processes, which nearly always cut horizontal across the functional groups in the company, and frequently involve external groups.

Well-Developed Interfaces: Critical capabilities depend as much on the way

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that individual /organizations have learned to work with each other. Most businesses rely on combination of the above three activities.

The more complex the technology of an organization, the more elaborate the structure also becomes. This is attributed to various reasons. Responsibility is likely to and power is likely to devolve to those specialists concerned with the technology itself. This may create the need for a liaison between specialists and the operating core of the business. This may give rise to an increase in integrating and coordinating mechanism such as committees, joint work groups and project teams, or emphasis on social control through professional networks.

The tasks undertaken by the operating core of an organization has an important influence on various aspects of an organizational design and control. Johnson and scholes (2001). There are links between the type of production process and the approach to management. Organizations with less standardized operational processes are likely to have devolved an informal decision- making process.

Operational tasks are concerned with transformation process, which takes inputs and converts them into outputs, together with various support functions closely associated with these tasks (Brown et al 2000). These transformation processes are applied in three main categories, materials, customers and information.

2.6.1 PRIMARY ACTIVITIES

2.6.1.1 purchased supplies and inbound logistics. These include activities, costs, and assets associated with purchasing fuel, energy, raw materials, parts components merchandise and consumable items from vendors; receiving, storing, and disseminating inputs from suppliers; inspection; and inventory management. Pearce and Robinson (1997)

2.6.1.2 Operations. These include costs, and assets dealing with converting inputs into final product form. This is a pattern of decisions made over time. These decisions focus on resource configuration and deployment. This involves how many work shifts, which type of machinery.

2.6.1.3 Sales and marketing. Also referred to as outbound logistics. These are costs and assets related to sales force efforts, advertising and promotion, market research and planning, and planning, and dealer support. Once a firm chooses the basis of competition, strategies are formulated for entering the market place. Marketing and operations strategies must be well coordinated for the firm to provide its goods and services to the market place in a competitively superior manner and at a profit.

2.6.1.4 Service/ Information. These are costs and assets associated with providing assistance to buyers, such as installation, spare parts, maintenance and repair, technical assistance, inquiries, and complain

These are activities involved in the physical creation of the product, marketing and transfer to the buyer, and after sale support.

2.6.2 SUPPORT ACTIVITIES

2.6.2.1 research, technology and systems development. These include costs and assets relating to product Research and Development, process design improvement, equipment design, computer software development, telecommunications systems, computer-assisted design and engineering, new database capabilities, and development of computerized support systems.

2.6.2.2 Human Resource Management. These are costs associated with hiring, training, development, and compensation of all types of personnel; labor relations activities; development of knowledge based skills.

2.6.2.3 General Administration. These include costs and assets relating to general management, accounting and finance, legal and regulatory affairs, safety and security, management information systems, and overhead functions. The firm's strategy is to focus on being a low cost provider and the attention should be very visible and the missions build around commitment to differentiation. These activities assist the primary activities by providing infrastructure or inputs that allow them to take place on an ongoing basis

Organizations can be seen as elements, which are referred as structural, and others, which change continuously and are called processes. Structural refers to the set of relatively unchanging elements within a system. They include buildings, vehicles, machinery, facilities, information systems, work

rules and trade union agreements (Naylor (1996). process refers to those features of an organization that change continuously .In operations they include flows of goods and services, new recruits, energy, cash and information.

Operations are the key function of any organization and continuously manage the flow of resources through it. Operations account for over 80% of employees and hence most of the added value. The output of operations is the bundle of goods and services .If an organization is not continuously satisfying the needs of its customers then it will fail. The role of a manager therefore will be to develop operating processes, products, locations and to meet the demands and pressures of the changing environment.

Operations management organizes, plans, controls and improves the use of processes, inventory, workforce, and faculties and equipment in order to appropriately determine the ranking of competitive priorities like price, quality, dependability flexibility, and time thereby providing short-term profit and market share.

Operations take place throughout the supply network in order to transform and complete the provision of goods and services to end customers. Operations managers therefore have the responsibility both within their own organizations and in the relationship with the suppliers and distributors within the supply chain. A manager's involvement in the activities within the supply chain varies form one industry to another depending on its core

activities, and the size of the industry. Of the primary activities, the operations manager is responsible for production, and some aspects of stockholding. He is also heavily involved with support activities from product and process development to quality assurance.

2.7 STRATEGIC ISSUES IN THE SERVICE INDUSTRY

2.7.1 POSITION A SERVICE IN THE MARKET PLACE

Service typically subsume a variety of specific characteristics, ranging from the speed with which a service is delivered to the quality interactions between customers and service personnel, and from avoiding errors to providing desirable extras to supplement the core service. As competition intensifies in the service sector, it 's becoming more important for service organizations to differentiate their products in meaningful ways. A business must set itself apart from it's competitors, it must identify and promote itself as the best provider of attributes that are important to target customers.

2.7.1.1 The Need for Focus in Competitive Strategy

The firm seeks to achieve economies of scale by marketing to all customers within a specific market segment and serving each in a similar fashion. This is known as mass communication and is achieved by offering a standardized core product but tailoring supplementary service elements to fit the requirements of individual customers.

2.7.1.2 Identifying and Selecting Target Markets

A market segment is composed of a group of buyers who share common characteristics, needs, purchasing behavior, or consumption behavior target market is one that an organization has selected from among those in the broader market.

2.7.1.3 Understanding Consumer choice Behavior

Service emphasize experience qualities, which can only be discerned during consumption, and credence qualities which customers have to take on faith, since they involve characteristics that are hard to evaluate even after consumption .The actual service is a deed or performance that cant be wrapped up and taken home.

2.7.1.4 Creating a competitive Position

Positioning is the process of establishing and maintaining a distinctive place in the market for an organization and maintaining a distinctive place in the market of an organization and /or its individual product offerings. The most successful firms separate themselves from 'the pack' to achieve a distinctive position in relation to their competition. They differentiate themselves by altering typical characteristics of their respective industries to their competitive advantage. Organizations must attempt their existing positions otherwise known as repositioning. Such a strategy could mean revising service characteristics or redefining target market segments. Positioning links the market analysis and competitive analysis to internal corporate

analysis. Developing a position strategy takes place at several different levels, depending on the nature of the organization involved. A position may be established for the entire organization, for a given service outlet, or for a given service offered at that outlet.

2.7.2 TARGETING CUSTOMERS AND BUILDING RELATIONSHIPS

The question organizations should ask themselves is what sort of customers should they seek to serve and how do they create lasting relationships with them.

2.7.2.1 Creating and Maintaining Valued Relationships With Customers

A valued relationship is one in which the customer finds value because the benefits received from service delivery significantly exceed the associated costs of obtaining them. For the firm it is a relationship that is profitable over time and in which the benefits of serving a customer may extend beyond revenues to include such intangibles as the learning obtained from working with that customer. Having a good working relationship between two parties implies that they relate positively to one another, as opposed to just conducting a series of almost anonymous transactions. The economic benefits of customer loyalty often explain why one firm is more profitable than a competitor. Loyal customers become more efficient in dealing with their dealings with the supplier and increase in their spending over time. Achieving the full profit potential of each customer relationship should be the fundamental goal of every business.

2.8 OPERATIONAL RESPONSES

2.8.1 MANAGING DEMAND

2.8.1.1 Managing Capacity

This takes two forms. One concerns physical facilities that hold people or things. A second form concerns equipment. A single piece of equipment with limited capacity may represent a bottleneck in the flow process, setting an upper limit to volume and quality of service delivered in a given time by an entire service operation.

Some capacity is elastic in its ability to absorb extra demand. Another strategy within a given time frame is to utilize the facilities for longer periods. There is also the option of tailoring the overall level of capacity to match variations in demand; a strategy known as 'chase demand' for example during peak hours management can add part-time staff and extra facilities. During periods of low demand, capacity can be reduced by laying off staff, scheduling employee vacations, and sending staff to training programs, renting out surplus equipment and facilities. Managers can use several strategies to adjust capacity to match fluctuation level of demand.

2.8.1.2 Schedule Downtime During Period of Low Demand: -

To ensure that 100% of capacity is available during peak periods, Scheduled repair and maintenance should be conducted when demand is expected to be low. Employee's vacation should be taken during such periods.

2.8.1.3 Use part-time employees: -

Many organizations hire extra workers during their busiest periods

2.8.1.4 Rent or Share Extra Facilities and Equipment: -

To limit investment in fixed assets, a service business may be able to rent extra space at peak hours.

2.8.1.5 Cross –train employees: -

Even when the service delivery system appears to be operating at full capacity, certain physical elements and their attendant employees may be underutilized. If employees can be cross trained to perform a variety of tasks, they can be pushed to bottle neck areas as needed, thereby increasing total system capacity. Whether a service organization pursues a strategy of level capacity or elect to chase demand, its managers need to understand and forecast the forces determining demand. The organization should seek to identify opportunities for smoothing the peaks and valleys through active management of demand.

CHAPTER THREE

3.0 METHODOLOGY

3.1 INTRODUCTION

This chapter outlines the overall methodology that will be used to carry out the study. This includes the research design, population and sample design, data collection methods, research procedures, data analysis and presentation methods and chapter summary.

3.2 RESEARCH DESIGN

This is a case study method. This methodology appeared best suited to identify the complexities and details of Teachers Service Commission. In addition, the case study design enables the researcher to collect in depth data on the population being studied and allow the researcher to be more focused and hence give recommendations that are specific and relevant.

3.3 DATA COLLECTION METHODS

The main data for this study will be primary data. This will be needed for determining the changes in the external environment that TSC consider to have impacted greatly on their operations. This will be supported by secondary data available in the commission's website and can give an indication as to how TSC has responded to changes in its environment. Primary data will be collected by use of an interview guide (see appendix A) TSC has four major departments namely:

1. Finance

2. Staffing

3. Human Resource and Administration

4. Internal Audit

The respondents in the interview will be heads of departments or senior staff in the department who have worked in the TSC for at least 10 years. It is these officers that are expected to have a thorough understanding of the changes that have affected TSC over the last ten years and how TSC has responded to them. The researcher herself will conduct the interview. For purposes of this study heads of Human Resource and Administration will be interviewed separately. Five senior officers therefore will be interviewed. The interview will be recorded using a tape recorder.

3.4 DATA ANALYSIS.

1. Because the data will be qualitative data, only content analysis will be done. This will entail analyzing the content of the interviews to determine the major changes that have occurred and TSC's responses to them. Content or information is what is important and not on proportion associated with the factors, which the data is collected.

CHAPTER FOUR

4.0   DATA ANALYSIS AND FINDINGS

The study focused on two major objectives to establish changes in the external environment that TSC consider having great impact on its operations and to determine the responses to the changes in its external environment. Conducting personal interviews with departmental heads of the commission enabled collection of the primary data.

The data was mainly analyzed by content analysis, which sought an objective, systematic and quantitative description of a manifest content of communication between the researcher and representatives of the organization under study, and the results are provided below. This chapter is divided into two parts; the first presents the general response of the organization while the second part looks at the specific responses of the departments to specific environmental changes in the external environment.

4.1. GENERAL RESPONSES

There seems to have been an inclination by all respondents towards the fact that there have been challenges in the external environment and TSC has carried out both short term and long term strategies in response to the changes to enable it be effective in its service delivery. For a long time the TSC didn't seem to face any major challenges until the introduction of free

primary Education.

The most outstanding development in the emerging scenario was the remarkable additional enrolment of 1.3 million children in primary schools whose impact on the teaching –learning situation was instant and notable in as much as the pupil population grew suddenly while the supply of resource remained constant.

The new dimension posed great challenges to the organization whose immediate reaction was to examine its teacher supply strength by carrying out a survey that assessed the teacher needs in public schools across the country in relation to the new education policy and the general shortage resulting from the freeze of employment of teachers by the government.

As a short-term measure, the commission conducted a successful staff balancing and rationalization exercise where teachers were distributed according to the needs of each school and district. The commission obtained authority from the government to replace teachers who had left service through natural attrition.

The long term strategy was to improve the teaching /learning standards in schools by employing and deploying teachers in order to maintain acceptable teacher/pupil ratio in a class.,develop a system of providing opportunities to teachers to undergo inservice courses on continous basis

As a result of Free Primary Education more children from different backgrounds joined school. More children with special needs and over age joined school. In towns and cities, Street children who have been exposed to drugs and subjected to emotional stress joined school. As a result students needs increased tremendously and teachers required new skills and knowledge to tackle the rising demands. The commission had to strengthen and beef up monitoring and evaluation mechanism to ensure continous feed backs and interventions necessary. As a stop –gap TSC encouraged schools to use multi-grade and double shifts to alleviate the situation. The multi-grade teaching methods would cater for the age difference, and double shift should be the best method for managing large classes.

HIV/AIDS has had great impact on the teaching force. TSC has not been spared the AIDS scourge .The number of teachers infected has increased in the recent years and the number keeps increasing. The greatest constraint in the fight against the disease in the teaching force is the teacher's misconception about HIV/AIDS. This stems from the realization that TSC is the single largest employer in the country and could also be the hardest hit by the pandemic in terms of employee health. Besides the obvious reduction of work force through infirmity and mortality, there is also the impact of productivity caused by, Absenteeism due to chronic illness, Psychological

trauma and the subsequent low teaching morale suffered by those who have established their positive status, Increased work load for those who are not infected and Increased need for communities of which teachers are a part, to take care of HIV/AIDS.

Critical issues and major problems such as threats to the standards of performance of teachers have emerged .If teachers cannot perform their duties effectively the future of this nation is at stake. Research indicates that AIDS is killing more teachers than they can be trained. Sick teachers cannot perform as expected by the commission yet the commission has to continue retaining them on the payroll.

Performance has been affected because sick teachers continue to teach and their HIV status is known to the pupils /students, this in effect affects performance. Experienced teachers have died because of HIV/AIDS and yet more teachers cannot be recruited because of lack of funds

As a response the Commission has established HIV/AIDS control unit as one of the sub-units of the National AIDS Control Council. The creation of HIV/AIDS sub-unit at the TSC headquarters is a milestone in effective management of the pandemic within the teaching force. Sensitization of both the secretariat and teachers about HIV/AIDS through workshops will go a long way in curbing the pandemic

There has been increase in discipline cases due to carnal knowledge, teacher/pupil relationships. As a response, the organization response dismissing such teachers from employment

TSC is allocating funds for the development of messages that focus on the dangers of drug abuse.

Distribution of educational materials, which will enhance the public's sense of personal well being and self-esteem and enable them to deal with daily stresses without depending on drugs

The commission will take a greater amount of planned communication on drugs and drug abuse to the general public by means of posters, books, and pamphlets, films, mass media and disseminate information through use of trained health and community educators

The following is the environmental scanning and challenges faced by specific departments in the organization:

4.2. THE CHIEF EXECUTIVE

4.2.1. POLITICAL ENVIRONMENT

The chief Executive confirmed that there are several political factors, which directly affected the running of the Teachers Service Commission some of which are dealt with below:

Recruitment:-

Pressure from politicians has continued to interfere with the recruitment in the field because they want to ensure that their supporters are rewarded accordingly. Although initially the commission thought that the exercise would be carried out without interference, the same has not been the case and there has been an outcry from the public over how the exercise has been carried out. Politicians would also want to see their relatives offered the jobs even if they do not qualify.

Apart from the politicians there is interference from the Kenya National Union of Teachers. The union is a member of the recruitment Board. Complains from the field indicate that the Union interferes with the recruitment process.

Transfers:-

As concerns transfers Politicians also interfere with the deployment of both the head teachers, the general staffing and deployment in schools. Politicians would want to see that teacher supporters :are rewarded with positions i.e. heads of schools. Some of these supporters may not be necessarily be qualified and as a result performance in such schools, institutions may be affected. Some unqualified teachers have earned promotions they do not deserve because of political interference. Over the years well politically connected teachers were promoted at the expense of the rest of the teachers who may have qualified.

Discipline:-

There has also been interference with discipline cases and has resulted in

retention of bad elements in the otherwise noble profession. Politicians and the Kenya National Union of Teachers sometimes defend teachers with questionable integrity.

The commission has responded to the above challenges by putting in place policies to govern transfers .For example a teacher cannot be transferred from a station until five years are over unless it is on humanitarian grounds, ill health or security reasons. The commission has also put in place policies to govern promotions and discipline of teachers.

4.2.2. ECONOMIC ENVIRONMENT

Funding :-

Operationally, since the Teachers Services Commission depends on Government funding, Donor funding reduction to the Kenya government has directly affected TSC. As a result TSC was forced to reduce its Expenditure by 20%. The activities affected include service activities, transport and Stationary expenditure.

Externally the commission is not able to recruit more teachers in spite of the shortage especially after the introduction of the free primary education. The effect is that performance in schools has been seriously affected and the situation may get worse.

As a response the commission has reduced its expenditure on recruitment by adopting a demand driven recruitment approach basing employment on existing vacancies in specific districts for primary school teachers and in particular institutions for post primary teachers.

4.2.3. SOCIAL-CULTURAL ENVIRONMENT

HIV/AIDS have had great impact on the teaching force. TSC has not been spared the AIDS scourge .The number of teachers infected have increased in the recent years and the number keeps increasing The greatest constraint in the fight against the disease in the teaching force is the teachers misconception about HIV/AIDS. This stems from the realization that TSC is the single largest employer in the country and could also be the hardest hit by the pandemic in terms of employee health. Besides the obvious reduction of work force through infirmity and mortality, there is also the impact of productivity caused by, Absenteeism due to chronic illness Psychological trauma and the subsequent low teaching morale suffered by those who have established their positive status, Increased work load for those who are not infected and Increased need for communities of which teachers are a part, to take care of HIV/AIDS

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infirmity and mortality, there is also the impact of productivity caused by,

Absenteeism due to chronic illness Psychological trauma and the

subsequent low teaching morale suffered by those who have established

their positive status, Increased work load for those who are not infected and

Increased need for communities of which teachers are a part, to take care of

HIV/AIDS

4.2.4. TECHNOLOGICAL ENVIRONMENT

The commission is not fully computerized. This has been hampered by lack

of funds. Funding of the same has not been factored in the government

budget. The commission is not able to offer efficient services as expected

because it has not computerized most of its services

Most schools are not connected and communication with the employer the

TSC is not very effective

Most teachers are not computer literate and they are expected to teach

children who are computer literate

As a response the commission is in the process of fully computerizing its

services the commission is training its employees in computers. This will

enable employees to fully utilize the computer facilities the commission is

planning to put in place. Commission is encouraging teachers to take

computer lessons. The commission has put in place an information

Technology section.

The commission has a website. Teachers can access the services they require without having to travel to the headquarters.

4.3. DEPUTY SECRETARY (STAFFING)

4.3.1. POLITICAL ENVIRONMENT

There is too much interference in deployment of teachers especially staffing of heads of schools As a result unnecessary transfers are affected and unqualified heads are posted to head schools. This in turn affects performance in schools.

Politicians influence disciplinary decisions taken against teachers. As a result in disciplined teachers have been retained in schools and have continued to teach. A good example is the carnal knowledge cases; these teachers are very dangerous to retain in our schools. Heads who have misappropriated school finances receive protection form politicians.

Disciplined teachers appeal against TSC and win cases, which they would have otherwise lost due to interference in the tribunal courts by politicians.

Politicians pressurized recruitment boards to recruit their relatives,

supporters in their constituencies' .For example the recent recruitment of teachers was marked with irregularities due to political interference from both KNUT and members of parliament

As a response TSC has put in place policies on transfers to counter pressure from politicians .On recruitment TSC had to sent commissioners and senior officers from the Headquarters to oversee teacher recruitment in the districts

4.3.2. ECONOMIC FACTORS

Government spending has been drastically reduced due to the harsh economic factors. TSC rely on funding from the government and as a result funding to the TSC has been reduced thus affecting expenditure on its operations .i.e. recruitment, inspection, discipline

There is no, direct funding, TSC rely on the ministry of education and 80% of the funding goes to teachers salaries

The Free Primary Education had far reaching effects on the teaching fraternity, it was a turning point in the teaching profession .It brought in new dimensions in teaching practices and school management .The most outstanding development in the emerging scenario was the additional enrolment of 1.3 million children in primary schools whose impact on the

teaching learning institution was instant and notable in as much as the pupil population grew suddenly while the supply of resource remained constant .Other challenges include the need for land for expansion and lack of funds for in servicing teachers as a process of upgrading their skills in managing large classes

The rapid increase of primary enrolment without proportional expansion in secondary schools and universities is likely to lead to transitional crisis at every stage.

There has been increase in unemployment rate. Many teachers have trained and yet the Commission is not able to employ, as a result there is a shortage of approximately 37,000 teachers .the government has not been able to provide funds for that purpose

TSC's whose immediate reaction was to examine its teacher supply strength by carrying out a survey that assessed the teachers needs in public schools across the country in relation to the new education policy and the general shortage resulting from the freeze of employment of teachers by the government. As a short term measure the commission conducted a successful staff balancing and rationalization exercise where teachers were distributed according to the needs of each school and district .TSC obtained authority from the government to replace teachers who had left service

through natural attrition.

TSC is developing long-term strategies to improve the teaching /learning
standards in schools by employing and deploying teachers in order to
maintain acceptable teacher /pupil ratio in a class
The commission has reduced on operations, training study leave with pay
quarter per Diem allowances.

4.3.3. SOCIAL CULTURAL FACTORS

The commission has not been spared the AIDS scourge. Number of teachers
infected has increased in the recent years and the number has continued
increasing. The greatest constrain in the fight against the in the teaching
service is the teachers misconception about HIV/AIDS. Critical issues and
major problems such as threats to the standards of performance of teachers
have emerged. Sick teachers cannot perform as expected by the commission
but the commission has to continue retaining them on the payroll.

The commission is also faced with the challenge of trying to balance the
staffing of teachers. In urban areas 90% of the teaching force are women
This is mainly because female teachers would want to move and stay in
cities and towns where their spouses live and work.

Agents of the commission have been accused of abusing their offices through arbitrary transfers, collusion with corrupt heads of schools to embezzle funds

There has been serious understaffing in hardship areas and needs to be addressed urgently.

Claims of corruption have been raised with the commission being ranked number eleven in a corruption index published by transparency international

It has been observed that many teachers turn to alcohol and hard drugs. The trend shows that cases of desertion are caused by alcoholism and drug abuse. Although the drug abuse is down played it is indeed a point of concern. Students in high school have destroyed property in schools while under the influence and the same cannot be ignored

As a result of Free Primary Education more children from different backgrounds are joining school .As a result we shall see more children with special needs and over age children in school. In cities and towns, more street children who have been exposed to drugs and subjected to emotional stress will join school. As a result student's needs will increase tremendously and teachers will require new skills and knowledge to tackle the rising demands. Besides teaching large classes, they will be required to counsel and guide pupils during school hours and advice parents on the

children welfare.

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As a response to the above challenges TSC has put in place the following measures: -

TSC distributes educational materials to enhance the public sense of personal well being and self –esteem to enable them to deal with daily stress without having to resort to drugs.

TSC has allocated funds for the development of messages that focus on the dangers of drug abuse.

The commission has taken greater amount of planned communication on drug abuse to the general public by means of posters, books and pamphlets, films and mass media, television, radio and newspapers.

TSC has attached incentives to working in hardship areas to attract teacher interest.

There have been irregular promotions done through the ministry of education

Corrupt officers have been shown the door as well as arraigned in court to answer charges of corruption

Counseling unit at the TSC headquarters has been empowered to counsel teachers before and after disciplinary cases where necessary to find a lasting solution to such problems.

TSC is to strengthen and beef-up monitoring and evaluation mechanism to ensure continous feedbacks and interventions whenever necessary.

As a stop gap TSC has encouraged schools to use multi-grade and double shifts to alleviate the situation .The multi-grade teaching methods would cater for the age difference, and double shift should be the best method for managing large classes.

4.3.4. TECHNOLOGICAL ENVIRONMENT

The commission is not fully computerized; therefore it becomes hard to monitor the performance in school, transfers and discipline. Communication takes long to reach TSC and vice versa. For example where transfers are effected at provincial and district level, correspondence may not be communicated immediately.

As a response TSC is computerizing its operations to link it with the agents and schools in the field.

4.4. DEPUTY SECRETARY (FINANCE)

4.4.1. POLITICAL ENVIRONMENT

KNUT has over the years put pressure on TSC on the teacher's salary increments. For example negotiations for salary increments was initially to be paid over a period of 10 years but due to pressure it was renegotiated to six years.

TSC responded by paying the increase demanded by KNUT

4.4.2. ECONOMIC ENVIRONMENT

Donor funding reduction affected operations at the commission and was forced to reduce its expenditure by approximately 20%. The free primary education brought a new dimension in the teaching profession the most outstanding was the additional enrolment of 1.3 million children in primary schools, whose impact on the teaching learning situation was instant and notable in as much as pupil population grew suddenly while the supply of resource remained constant.

The new situation posed great challenges to the TSC whose immediate reaction was to examine its teacher supply strength by carrying out a survey that assessed the challenges. The commission is not able to recruit more teachers to reduce the workload especially after the introduction of free education. The effect is that performance in schools has been drastically affected and the situation may get worse.

To over come this challenge, the finance department has scaled down on operations expenditure and adopted a cost reduction approach based on prioritizing essential functions.

4.4.3. SOCIAL –CULTURAL ENVIRONMENT

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The commission has come up with the following responses to the above challenges:-
Teachers suffering from AIDS are retained on the payroll. Excratia is paid on medical expenditure where a teacher has exceeded his/her medical allowance entitlement

The commission has had to provide for training for HIV/AIDS workshops to

sensitize teachers and secretariat.

The creation of HIV/AIDS unit is a milestone in effective management of the
pandemic within the teaching force. However this arrangement has its own
shortcomings. Though TSC is the largest single employer in Kenya with a
total of 235,000 teachers and 2,400 secretariat staff, its allocation of funds
is a fraction of the disbursement from the National Aids Control Council.
Therefore TSC is sourcing for direct funding from donor organizations.

4.4.4. TECHNOLOGICAL ENVIRONMENT

The department is not fully computerized therefore service rendering is still
slow and sometimes inefficient. The commission is constantly dealing with
other stakeholders whose systems use modern technology like banks. The
impact is that payment of salaries is delayed.

Forgeries cannot be detected fast enough and as a result TSC has
continued to loose millions of shillings through forgery.

The commission is also not fully Net Worked with the units in the provinces
and Districts.

As a response to the above challenges:
. The commission has entered into an arrangement with National Bank of
Kenya to hasten the process of posting money to the teachers held

accounts. With the new arrangement the commission only draws one cheque to the National Bank of Kenya, which transfers the funds to teachers banks through the Electronic fund transfer facility. This system has helped TSC greatly to pay teachers on time.

4.5. DEPUTY SECRETARY (HUMAN RESOURCE)

4.5.1. POLITICAL ENVIRONMENT

Interference by politicians has caused instability in schools. Politicians demand transfer of teachers and principals who do not support them politically. This affects the running of schools from time to time. Because of the above, heads or principals who are not qualified may be appointed to head schools.

Pressure from the Kenya National Union of teachers interferes with running of the schools by agitating for unrealistic demands on behalf of the teachers. The union sometimes protects non-performing teachers at the expense of students.

Schools sponsored by churches demand that head teachers of their choice head their schools.
Communities in some areas do not accept teachers from other communities to teach in their schools.

Therefore to deal with these challenges the human resources department has put in place policies to guide the running of schools i.e. expected qualifications; taken stringent measures against errant and non performing teachers.

4.5.2. ECONOMIC ENVIRONMENT

The government has reduced medium term expenditure frame funding. This has greatly affected the operations at the TSC.TSC depend on donor funding from World Bank to support its budget. This year alone (2004) the commission had to promote 78,000 P1 P2 P3 and P4 teachers who have been in service for fifteen years and above in the same grade. This meant extra costs on the teachers salaries which had not been anticipated

As a response the commission had to reduce it's spending on training, stationery and quarter per diem was altogether done away with. At the same time, TSC is trying to source for direct funding from donor organizations.

4.5.3. SOCIAL CULTURAL ENVIRONMENT

The department has not been spared the AIDS scourge. Number of teachers infected has increased in the recent past and the number has continued to

increase. The greatest constrain in the fight against the disease is the teachers misconception about AIDS. Besides the reduction of work force through infirmity and death, there is also the impact of productivity caused by absenteeism due to chronic illness, psychological trauma, the subsequent low teaching morale suffered by those who have established their positive status, Increased work load for those who are not infected and Increased need for communities of which teachers are a part to take care of HIV/AIDS. There have been increased discipline cases due to desertion as a result of the disease. Teachers who have not declared their status cannot perform as expected or absent themselves without disclosing why they are away from their duty stations.

Teachers have become alcoholic's .The trend shows that cases of desertion are caused by alcoholism and drug abuse in schools is on the increase. Youths and minors consume alcohol and bhang. As a result there have been increased cases of student strikes, sometimes with serious repercussions like burning of school property. Some of the strikes have resulted in the death of students and even teachers.

To overcome the above:-

- TSC has put in place policies concerning running of schools.

- Taken stringent measures against indiscipline teachers and unruly

students.

- Training and sensitization on HIV/AIDS.

- Training on effects of drug abuse.

- Deployment of qualified heads in schools and institutions.

4.5.4. TECHNOLOGICAL ENVIRONMENT

The Human Resources Department is not fully computerized. Although the commission has a website it is not fully functional, therefore communication with the agents and the teachers is still a major problem. For example where a teacher deserts duty, the information takes long to reach the headquarters and as a result the teacher is overpaid. If a teacher is interdicted and eventually dismissed it is unlikely that the overpayment will be recovered.

The department is not effective in responding to teachers' complaints resulting in outcry from the teachers. Although the TSC has a charter spelling out what the teacher should expect from the commission in terms of service provision, the commission has not been able to fulfill the same.

As a response, TSC is in the process of fully computerizing its services.

4.6. DEPUTY SECRETARY (AUDIT)

4.6.1. POLITICAL FACTORS

Due to political interference donor funding was discontinued. The department has planned to purchase a software package for auditing, but the same has not been possible because of lack of funds. As a result auditing is still being done manually. The department is unable to detect forgeries and as a result the commission has continued to loose money to fraudsters .In many cases fraud is discovered many months later.

To respond to this, the department is sourcing for funds to purchase a software package for the audit department.

4.6.2. ECONOMIC ENVIRONMENT

Donor funding has been drastically reduced. Since TSC depends on government funding it means that TSC has had to reduce it's expenditure i.e. training and purchase of Audit software has also had to be postponed altogether.

As a response TSC is trying to source for direct funding and reduce its operational expenditure.

4.6.3. SOCIAL –CULTURAL ENVIRONMENT

The audit department is a watch dog to the organization. It also acts as a support department .The department has faced problems in trying to investigate fraud because fraudsters collude with employees in the system and the department is not able to detect such frauds and therefore TSC has been accused for not able to stamp out corruption.

To respond, TSC has set up peer groups to sensitize employees against corruption, the audit procedures has been streamlined and fraudsters have been made to face the law.

4.6.4. TECHNOLOGICAL ENVIRONMENT

Since the audit department is not fully computerized, communication with other organizations is minimal such as banks, cooperative societies and other government offices. Lack of Audit software makes the section ineffective

As a response, the organization is in the process of computerizing its operations

CHAPTER FIVE

5.0 CONCLUSION

This chapter presents a summary of the research project whose objective is to identify the responses the Teachers Service commission has responded to the changes in the external environment. Based on the findings, the chapter further discusses the responses and gives the limitations of the study and recommendations for further research and for policy implementation and practice.

It is the consensus of all the respondents that TSC has faced a number of challenges with the introduction of Free Primary Education. One of the sticking points in the implementation of Free Primary Education is the shortage of teachers. By the end of 2003 TSC recorded a staffing shortfall of 29,093 teachers in primary schools and 8,523 in post-primary institutions. Natural attrition, now compounded by the HIV/AIDS pandemic, has increased the strain on a work force that has had to bend over backwards to cope with the demands of the noble service.

From the findings, the organization has responded both strategically and operationally. Strategic responses being the long-term embrace the organization as a whole, while the operational are the departmental activities of the organization .The two kinds of responses are interrelated and there has to be harmony between the two. The organization adopted

positioning itself in the market place by subsuming a variety of specific characteristics, ranging from the speed with which a service is delivered to the quality interactions between the teachers and the service personnel. It has to identify and promote itself as the best provider of services to its client- the teacher.

The organization had to endeavor to create and maintain valued relationships with the teachers .For the organization it is the relationships that will be profitable over time and in which the benefits of serving a customer may extend beyond revenues to include such intangibles as the learning obtained from working with the customer. Having a good working relationship between the teachers and the organization implies that they relate positively to one another, as opposed to just conducting a series of almost unspecified transactions.

The operational responses adopted by TSC included managing the capacity after the introduction of free Primary Education. The new situation posed great challenges to TSC and the immediate response was to examine its teacher supply strength by carrying out a survey that assessed the teacher needs in public schools across the country. The commission further hired extra teachers, acquired and constructed extra facilities .TSC as a stopgap has encouraged schools to use multi-grade and double shifts to alleviate the situation.

The commission has undergone its share of political interference. Politicians seem to have more interest in the teaching sector than in any other sector. This is mainly because schools are located in constituencies where the politicians come from. This situation may not change in the near future.

From the foregoing, TSC has adopted both strategic and operational responses in order to survive in the changing external environment. The strategic responses adopted are positioning a service in the market

place, targeting customers and building relationships. The operational responses adopted are managing demand.

For an organization to succeed they should prepare and plan both operationally and strategically. Organizations are continually faced with changing environment and they should therefore prepare to deal with such changes.

5.1. LIMITATIONS TO THE STUDY

- The study focused on TSC only and may fail to capture all the responses from the education sector.
- Secondly the time allocated for the research is limited hence hampering the observation the researcher would have undertaken

- Thirdly, there was a lot of caution in releasing information concerning the organization

5.2. RECOMMENDATIONS FOR FURTHER RESEARCH

This was a case study on the TSC, which is a small arm of the education sector. A possible research should be done on the education sector as a whole.

5.3. RECOMMENDATION FOR POLICY AND PRACTICE

- TSC should fully computerize its services to be able to offer quality service considering the fact that it deals with a key function-education

- Technological advancement should be enhanced to promote efficiency.

- TSC should be set free political Interference.

- TSC should have competitive remuneration package to retain quality teachers who are opting to join private schools.

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LETTER TO RESPONDENTS

University of Nairobi

Department of Business Administration

P.O. Box .30197

NAIROBI

Dear Respondent

RE: INTERVIEW

I am a postgraduate student at the University of Nairobi, Faculty of Commerce. I am carrying out a study on the responses to changes in the external environment in Service industry. A case of the Teachers Service Commission as a partial fulfillment of Masters of Business Administration Degree (MBA).

You as a respondent have been chosen to be part of this study. This information will be used for academic purposes and as an insight to the responses by organizations to the changes in the external environment in which they operate. As a respondent of this study, you are free to access the findings of the study. I will personally carry out the interview

I look forward to your cooperation and thank you.

Yours faithfully

Nelly C Mulema   Dr. Ogutu

MBA Student   Supervisor

Lecturer

APPENDIX B

INTERVIEW GUIDE:

POSITION/TITLE: COMMISSION SECRETARY

Q1. Political activities have been very dynamic. What political factors have
affected your organization and how have they affected your organization?

What aspects of the organization do you consider to have been greatly
affected?
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How has your organization responded?
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Q2. The economic environment has been affected by economic reforms
taking place.
What changes in the economic sector have affected your organization?
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How has your organization responded?

What aspects of the organization do you consider to have been greatly
affected?
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Q3. Social forces have been very dynamic. Which social cultural changes have affected your organization?

How has your organization reacted to these changes?

Q4. What/which technological changes have affected your organization and how have they influenced performance in your organization

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How has your organization adapted to these changes?

APPENDIX B. 1

INTERVIEW GUIDE:

DEPUTY SECRETARY (STAFFING)

Q1. Political activities have been very dynamic. What political factors have affected your department and how has your department been affected by them?

What aspects of the department do you consider to have been greatly affected?

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How has your department responded?

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Q2. The economic environment has been affected by economic reforms taking place.
What changes in the economic sector have affected your department?

What aspects of the department do you consider to have been greatly affected?

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How has your department responded?

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Q3. Social forces have been very dynamic. Which social cultural
     changes have affected your department?

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How has your department reacted to these changes?

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Q4. What/which technological changes have affected your department
     and how have they influenced performance in your department

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How has your department adapted to these changes?

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INTERVIEW GUIDE:

DEPUTY SECRETARY (FINANCE)

Q1. Political activities have been very dynamic. What political factors have affected your department and how has your department been affected by them?

What aspects of the department do you consider to have been greatly affected ?

How has your department responded?

Q2. The economic environment has been affected by economic reforms taking place.
What changes in the economic sector have affected your department?

What aspects of the department do you consider to have been greatly affected?

How has your department responded?

Q3. Social forces have been very dynamic. Which social cultural
changes have affected your department?

How has your department reacted to these changes?

Q4. What/which technological changes have affected your department
and how have they influenced performance in your department

How has your department adapted to these changes?

INTERVIEW GUIDE:

DEPUTY SECRETARY (HUMAN RESOURCE)

Q1. Political activities have been very dynamic. What political factors have affected your department and how has your department been affected by them?

What aspects of the department do you consider to have been greatly affected?

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How has your department responded?

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Q2. The economic environment has been affected by economic reforms taking place.
What changes in the economic sector have affected your department?

What aspects of the department do you consider to have been greatly affected?

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How has your department responded?

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Q3. Social forces have been very dynamic. Which social cultural changes have affected your department?

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How has your department reacted to these changes?

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Q4. What/which technological changes have affected your department and how have they influenced performance in your department

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How has your department adapted to these changes?

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APPENDIX B.4

INTERVIEW GUIDE:

DEPUTY SECRETARY (AUDIT)

Q1. Political activities have been very dynamic. What political factors have affected your department and how has your department been affected by them?

What aspects of the department do you consider to have been greatly affected?

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How has your department responded?

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Q2. The economic environment has been affected by economic reforms taking place.
What changes in the economic sector have affected your department?

What aspects of the department do you consider to have been greatly affected?

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How has your department responded?

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Q3. Social forces have been very dynamic. Which social cultural
changes have affected your department?

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How has your department reacted to these changes?

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Q4. What/which technological changes have affected your department
and how have they influenced performance in your department

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How has your department adapted to these changes?

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