CHALLENGES OF IMPLEMENTATION OF GROWTH
STRATEGIES AT THE UNIVERSITY OF NAIROBI

BY

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DECLARATION

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

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DEDICATION

This project is dedicated to God for giving me the strength, good health and favor throughout my MBA programme.

This project is also dedicated to my late parents Mr & Mrs Mutiso Matheka for giving me the gift of education and for having shaped my life.
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Though I will not be able to list all those who were of help to me during the process of my studies and research, I would like to acknowledge with appreciation, the following people who made this research possible. I thank the Almighty God for his favour and blessings throughout my studies, and in my entire life. Thank you Lord.

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ABSTRACT

We are living in a dynamic world which is undergoing rapid change. An organization as a whole works to survive within a larger system thus advocates that all organizational components to be interrelated and integrated. Businesses are therefore open system since they interact with the external environment. Business interaction with the changing external environment poses challenges to the organizations and therefore it has to adopt strategies to grow the business. An organization can survive and grow only when it continuously and quickly adapts to the changing environment. Strategy is an outline of how a business intends to achieve its goals. The goals are the objectives; the strategy sets out the route to that objective. An effective strategy allows managers to use their organization’s resources and capabilities to exploit and limit threats in the external environment. Growth is a multi-faceted phenomenon that is commonly associated with firm survival, achievement of business goals and success or the scaling up of activities. Growing the business can be taken to mean crafting and implementing strategies that will bring profit to the business, attracting and pleasing customers, competing successfully with other competitors in the industry, conducting operations and improving the company’s financial and market performance. Growth strategies are therefore important in practice and strategic decisions are crucial to the growth of the organization. The concept of strategy involves the formulation, the implementation and the evaluation stages. After the strategy formulation, the strategic plan has to be implemented if the goals and objectives are to be realized. The importance of strategy implementation should never be underestimated because the best formulated strategy is virtually worthless if it cannot be implementation effectively. A badly designed strategy for pursuing growth will never achieve its goals. Likewise, a well-designed strategy that is badly executed will falter.

The University of Nairobi is arguably the biggest and most vibrant university in Kenya with its student population growing tremendously. Due to this vast growth, the institution is facing challenges in implementation of its growth strategies. This has been as a result of rapid increase in the number of students and inadequate infrastructure. University of Nairobi is the oldest university in Kenya established in 1956 to offer education and training in technology and business. It offers a diverse range of academic programs and has a variety of disciplines. Faced with challenges of increasing competition, rapid increase students’ population and inadequate infrastructure, the University can survive and grow only when it continuously and quickly adapts to the changing environment. In this regard the university has adopted growth strategies to counter the challenges posed by the changing environment. This study sought to determine the growth strategies used by University of Nairobi in Kenya and to determine the challenges of implementing growth strategies. Ansoff Corporate growth strategy matrix consisting of Market penetration, market development, product development and diversification growth strategies was adopted by the university. Despite the challenges of decline in government funding, increased student population and inadequate physical infrastructure, University of Nairobi had been growing its business to counter those challenges that have been posed by the ever-changing environment.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

We are living in a dynamic world which is undergoing rapid change. An organization can survive and grow only when it continuously and quickly adapts to changing environment (Jain, Trehan & Trehan 2009). Enterprise growth therefore is concerned with how an enterprise plans to execute fundamental changes to grow its business (Mascarenhas et al, 2002). According to Moeller (2008), enterprise growth is an integrated approach affecting every functional area and strategy within the organization. Well-crafted strategies will fail if not properly executed and a sound strategy is only part of the success equation. Many growth strategy implementations fail because leaders underestimate the implementation challenges and as a result take their eye off what needs to be done (Speculand, 2009).

Morris (1996), states that systems theory advocates that all organizational components to be interrelated and integrated; thus an organization as a whole works to survive within a larger system. According to Woodside (2010) systems theory could be open or closed depending on the presence or absence of the systems interaction with the surrounding environment. Businesses are therefore open system since they interacts with the external environment. Due to challenges posed by the environment, a business has to adopt strategies about how management intends to grow the business, how it will build a loyal clientele and out-compete its rivals (Hough et al, 2008).
The University of Nairobi is arguably the biggest and most vibrant university in Kenya with its student population growing tremendously. Due to this vast growth, the institution is facing challenges in implementation of its growth strategies. This has been as a result of rapid increase in the number of students and inadequate infrastructure.

1.1.1 The Concept of Strategy

Strategy is an outline of how a business intends to achieve its goals. The goals are the objectives; the strategy sets out the route to that objective. Strategy is about the firm using analytical techniques to help it understand and therefore influence its position in the market (Henry, 2008). Porter (1996) asserts that competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. An effective strategy allows managers to use their organization’s resources and capabilities to exploit and limit threats in the external environment (Henry, 2008).

The strategic discipline originated in the 1950s in the United States of America. Among the numerous early contributors, the most influential was Alfred Chandler, Philip Selznick, Igor Ansoff, and Peter Drucker. The discipline draws from earlier thinking and texts on 'strategy' dating back thousands of years. Chandler showed that a long-term coordinated strategy was necessary to give a company structure, direction and focus. Philip Selznick (1957) formalized the idea of matching the organization's internal factors with external environmental circumstances while Ansoff (1965) developed a grid that compared strategies for market penetration, product development, market development and diversification.
Strategy is important in practice. Decisions are clearly strategic if they are crucial to the growth of the organization, have a broad scope, create added value, and have consequences for many jobs and activities within the organization. Strategy is always built on knowledge of the actual strength and weaknesses of an organization. Strategy should set out a general course, a perspective for the longer term. It serves as a compass, a tool for sense making in the longer term (Jacobs, 2010).

1.1.2 The Growth Strategy

Growth is a multi-faceted phenomenon that is commonly associated with firm survival, achievement of business goals and success or the scaling up of activities (Storey, 1994). Thompson and Strickland (2003) states that growing the business can be taken to mean crafting and implementing strategies that will bring profit to the business, attracting and pleasing customers, competing successfully with other competitors in the industry, conducting operations and improving the company’s financial and market performance.

Growth as discussed by Mintzberg (2003) can be influenced by factors such as political changes; economic factors such as the tax systems, monetary and fiscal policies, interest rates, internal regulations and exchange rates; and social factors such as religious considerations, the impact of the business on local communities, ethnic considerations and cultural factors. Johnson & Scholes (2002) define strategy as the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a challenging environment to meet the needs of markets and to fulfill stakeholder expectations.
1.1.3 Strategy Implementation and Challenges

The concept of strategy involves the formulation, the implementation and the evaluation stages. After the strategy formulation, the strategic plan has to be implemented if the goals and objectives are to be realized. The importance of strategy implementation should never be underestimated because the best formulated strategy is virtually worthless if it cannot be implemented effectively. (Lewis et al, 2008)

Lewis et. al. (2008), states that implementation of strategy involves everything in the organization as the organization carries out its day to day operations. The planning part of implementation of strategy includes the necessity of establishing strategies at other levels of the organization and in all parts of an organization which should have its mission and overall goals aligned with the organization’s overall mission and goals.

A badly designed strategy for pursuing growth will never achieve its goals. Likewise, a well-designed strategy that is badly executed will falter (Dowling, Schmude & Knyphausen, 2010) Many implementations fail because leaders underestimate the implementation challenges and as a result take their eye off what needs to be done. According to Speculand (2009), leaders do not have a framework to guide them through the implementation journey. In developing a high quality implementation plan, leaders must analyse their organizations readiness for implementation and use a framework to ensure they’re taking the right actions. Most leaders assume that once you have crafted the strategy, the organization is ready to implement it and staff members will automatically take the right actions but history shows that they are wrong.
1.1.4 Higher Education in Kenya

The Higher Education industry has been undergoing a lot of changes since independence. In 1963, there was only one university level institution in Kenya, the Nairobi University College, which between 1963 and 1970 had an enrolment of about 1,000 students. Currently, Kenya has a total of 43 chartered public and private universities. This number is expected to continue increasing due to the rapid growth of university education to meet the ever increasing demand for higher education.

Kenya’s public universities, like many others in the world, have suffered many years of underfunding. The causes have been many but generally include changing donor priorities, changing government rules and regulations to cope with national economic turbulence, international economic trends, legislation and political trends in the country (Onyango, 1996). This in turn has made it difficult for the universities to meet the ever increasing demand for higher education.

1.1.5 The University of Nairobi

University of Nairobi is the oldest university in Kenya. It has its origins in the Royal Technical College of East Africa, which was established in 1956 to offer education and training in technology and business. Today the university has enrolled over 62,000 students up from the first 215 students who registered to study at the Royal Technical College of East Africa in 1956. Hence it has grown to be the largest University in Kenya. The University offers a diverse range of academic programs and has a variety of disciplines within its academic programs. The programmes and related disciplines are
backed up by an ever-expanding open distance and e-learning facility. In the recent years, the University has opened campuses in Mombasa, Kisumu, Kenya Science and there are extra mural centers in most major towns in Kenya. It has been on a mission to unveil new products and services to the Kenyan market in a bid to meet the needs of its customers.

The University is being faced by growing competition, increased stakeholder expectations, rapid increase in the number of students and inadequate infrastructure. Factors such as economic downturns, decline in government capitation, inadequate endowment funds, and limited philanthropic, corporate and alumni contributions coupled with the need to keep tuition fees affordable, have reduced the financial resources for public university education (University of Nairobi Strategic Plan 2013-2018, 2013).

1.2 Research Problem

Growing the business can be taken to mean crafting and implementing strategies that will bring profit to the business, attracting and pleasing customers, competing successfully with other competitors in the industry, conducting operations and improving the company’s financial and market performance (Thompson and Strickland, 2003). Growth can be promoted internally by investing in expansion or externally by acquiring additional business divisions. In 1987, Ansoff presented a corporate growth strategies matrix that focused on the firm’s present and potential products and markets highlighting the four possible product–market combinations; market penetration, market development, product development and diversification.
The changing environment has necessitated the University of Nairobi to adopt growth strategies to survive and grow. Mclennan 2011 states that implementing strategy is harder than crafting a strategy and thus a business needs to have a framework to guide it through the implementation process. In line with adoption of the growth strategies, the University has been facing numerous challenges in implementation of the strategies. The University has adopted various growth strategies including increasing its market penetration by advertising its services, developing its market by opening new campuses in other cities in Kenya and it has also introduced new programmes for example masters in science-finance option open distance and e-learning. During implementation of the growth strategies; inadequate infrastructure, reduced financial resources, the need to keep tuition fee affordable, limited philanthropic decline in government capitation and economic downturns are some of the challenges facing the institution.

Various scholars have carried out research on the Growth strategies within Kenyan organization. Some of these include Mungai (2010), Growth Strategies applied by the institute of advanced technology, Oketa (2011), Growth challenges faced by local seed companies in Uganda, Mwangi (2011), Factors affecting growth of MSE’s funded by micro finance institutions in Thika. No known Study has been done on challenges of the implementation of growth strategies at the University of Nairobi, hence a knowledge gap for the study. This study sought to answer research questions: (i) what growth strategies were adapted by University of Nairobi? (ii) What challenges were experienced during implementation of growth strategies at the University of Nairobi?
1.3 Research Objectives

This study aimed to achieve the following objectives:

(i) To determine the growth strategies used by University of Nairobi, Kenya.

(ii) To determine the challenges of implementing growth strategies at the University of Nairobi, Kenya.

1.4 Value of the Study

The research would provide valuable insight to management and staff of University of Nairobi on growth strategies and how the increase of students has brought challenges to the university. It would help to identify solutions to some of the challenges faced in growth strategy implementation at the university.

The government and the policy makers would find the information useful in improving the economic status of Universities as they endeavor to achieve the Vision 2030 built on the pillars of social and economic growth. Policy makers would benefit from the study while developing policies that would address growth strategies adopted by higher institutions of learning.

This study will inform interested scholars and researchers in pursuance of further research studies on growth strategies and challenges of implementation of growth strategies at University of Nairobi. It will also inform scholars and researchers of other related institutions in Higher Education in Kenya.
It will also provide insight and contribute to the body of knowledge on growth strategies and challenges of implementation of growth strategies. For students and researchers, this study will build on the existing theories. Students could use the study as a case study for topic covering growth strategies and the challenges of implementation of growth strategies for institutions.

Researchers will benefit from the literature gathered by the study which will guide their investigation in furtherance of the body of knowledge. Researchers will also be able to use this study to conduct research to develop new theories, test existing theories or compare theories hence guide the accumulation of scientific knowledge and suggest new enquiries.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the studies from other researchers who have carried out their research in the field of growth strategies in organizations. The specific areas covered in this study are theoretical foundation of the study, concept of strategy, growth strategies strategy implementation and challenges of strategy implementation

2.2 Theoretical foundation

The business environment in which firms operate lies outside themselves. It is their external environment, which is always changing. Some changes are so dramatic that everybody notices them, but others may creep up on an industry over the years and can be largely ignored for too long. Companies that remain successful thrive on change.

System theory advocates that all organizational components be interrelated and integrated (Morris (1996). According to Woodside (2010), systems theory classifies systems as open or closed depending on the presence or absence respectively of the systems interaction with the surrounding environment.

Morris (1996) describes an open system as one that interacts with its environment, the larger system of which it is apart. The interaction represents the exchange of energy or information. The model used to describe an open system theory as input-process-output, with a feedback loop from the environment into the system information received from the output and then a feedback to the input. According to Daft, Murphy and Willmott (2011)
open system thinking pay attention to open boundary between the organization and its context. Developing a design that effectively manage the exchanges of raw materials, people, producers across this boundary is in an open systems perspective, considered to survival and prosperity. In order to survive and grow they are impelled to adapt or control a changing environment. Open system thinking is helpful in reminding us of interdependencies both between subsystems as well as between the organization and what exists beyond its boundaries.

Daft, Murphy and Willmott (2011) further distinguishes a closed system from an open system by specifying that a closed system perspective is one in which organizations are conceived as autonomous effectively sealed off from the outside world. A closed system focuses exclusively upon the organization without consideration of its dependence upon or capacity to influence elements comprising its context.

2.3 The Concept of Strategy

Strategies are means to end and all organizations, large or small, profit seeking and not-for-profit, private and public sector, have a purpose which may or may not be articulated in the form of a mission and vision statement. Strategies relate to the pursuit of this purpose. (Thompson and Martin, 2010) The term strategy has its origin in the Greek word strategos which means “the art of war”. Military strategists define strategos as to plan the destruction of one’s enemies through the effective use of resources (Barcker, 1980).
While the economist have been interested in the strategic behavior of firms under different structures of market. Thompson and Martin (2010) defined strategy as an action plan designed to move an organization toward achievement of its vision.

The firm’s mission, which flows from the vision, is focused on the markets the firm serves and the products it provides. Thus the mission defines the firm’s core intent and the business in which it intends to compete.

Mintzberg, Ahistrand and Lampell, (2005) defined strategy from perspective of five angles called 5 Ps - an acronym of plan, ploy, position, pattern and perspective. The plan provides the roadmap by which a firm intends to achieve its goals; a ploy refers to how the firm will maneuver its resources to attain its objectives; patterns refers to decisions and actions that drive the firm forward over time towards its goal; the position the firm occupies gives it advantages in the access to the markets, clients and services while the perspective refers to the future of the firm and the understanding of its internal strengths and weaknesses to be able to steer towards the intended future state.

The strategic management discipline originated in the 1950s and among the numerous early contributors, the most influential was Alfred Chandler, Philip Selznick, Igor Ansoff, and Peter Drucker. Alfred Chandler (1962) recognized the importance of coordinating management activity under an all-encompassing strategy. Interactions between functions were typically handled by managers who relayed information back and forth between departments. Chandler stressed the importance of taking a long term perspective when looking to the future. Chandler showed that a long-term coordinated strategy was
necessary to give a company structure, direction and focus. He says it concisely, “structure follows strategy.” Alfred Chandler (1962) traced the shift from a single business strategy to diversification, strategy generated pressures for the organizations to shift from a functional structure to a multi-divisional structure. The firms whose strategy followed structure shift achieved higher performance and gained leadership positions in the market.

Selznick (1957) contributed to strategic management discipline by formalizing the idea of matching the organization's internal factors with external environmental circumstances. Ansoff (1965) built on Chandler’s work by developing a grid that compared strategies for market penetration, product development, market development and horizontal and vertical integration and diversification. Management could use the grid to systematically prepare for the future and develop gap analysis to clarify the gap between the current reality and the goals and to develop what he called “gap reducing actions”. Drucker (1954) stressed on the value of managing by targeting well-defined objectives evolving into the theory of management by objectives.

2.4 Growth Strategies

Growth will continue to be a desirable and indeed a necessary business objective (Drucker, 1974). According to Swaim (2010), industries that have passed their peak decline slowly and are being held up by the overall buoyancy of the economy. New industries can grow well and grow more by accident than by management, but when the economy does grow, changes in the economy are bound to be abrupt and sharp. Then
indeed, a company that does not grow will decline. Then there is even more need for a strategy that enables a management to plan for growth and to manage growth. Drucker (1974) states that it is not enough for a management to say ‘we want growth’. Management needs a rational growth policy with both minimum and optimum objectives. Growth in the context of a business is an economic rather than a physical term. Growth objectives have to be economic objective rather than volume objectives (Swaim, 2010).

According to Moeller (2008), enterprise growth is an integrated approach affecting every functional area and strategy within the organization. Enterprise growth is concerned with how the enterprises plans are executing fundamental changes whether the enterprise is small or large and private or public. It is important to note that successful enterprise growth is likely to require significant investments in skills, processes organization and technology. Enterprise growth initiatives may be driven by external opportunities which will force the development of strategies such as targeted market, value proposition, product/ service offering and competitors initiatives (Moeller, 2008).

Growth can be promoted internally by investing in expansion or externally by acquiring additional business divisions. Internal growth can include development of new or changed products. External growth typically involves diversification which means the acquisition of businesses that are related to current product lines or that take the corporation into new areas (Daft, 2008). Moeller (2008) states that to reinforce ones company growth potential; the creation of new businesses, creating new market space, firms might focus on a new set of client need or address new or meanwhile underserved
customer segments or they might introduce new forms of delivering value. Strategy ultimately requires achievement of a fit between the external situation and internal capabilities (Mintzberg et al 2003).

The external situation which constitutes threats and opportunities include influences from political, social, economic and technological arena. The internal environment on the other hand constitutes internal capabilities including the strengths and weaknesses of the organization systems, policies, resource capacity and the organization culture (Koigi, 2002). Ansoff presented a corporate growth strategies matrix that focused on the firm’s present and potential products and markets. By considering ways to grow via existing products and new products, and in existing markets and new markets, there are four possible product-market combinations; market penetration, market development, product development and diversification (Ansoff, 1987).

According to Ansoff, Market penetration is the growth strategy whereby the firm seeks growth by increasing the market share of the present product-markets. This is the least risky strategy for expansion. In market development, the firm aims to increase profit by selling its existing products to new market segments while Product development is where the firm develops new products to its existing customers. Ansoff explains that diversification is the name given to the growth strategy where a business markets new products in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience (Ansoff, 1987).
Table: Ignor Ansoff Matrix.

<table>
<thead>
<tr>
<th>Markets</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing</td>
<td>Existing</td>
</tr>
<tr>
<td></td>
<td>Market Penetration</td>
</tr>
<tr>
<td>New</td>
<td>Market Development</td>
</tr>
<tr>
<td></td>
<td>Diversification</td>
</tr>
</tbody>
</table>

Source: Ansoff, Corporate Strategy, Penguin, 1988

2.5 Implementation and challenges

In strategic management process there are three elements; strategy formulation, strategy implementation and strategy evaluation. Effective strategy formulation is based on identifying, understanding and using the firm’s distinctive competencies and strengths in a way other firm cannot. Strategy implementation measures include organizing the firm’s tasks, hiring individuals to perform designated activities properly and rewarding them for carrying out these responsibilities effectively. Strategy evaluation places emphasis on control of activities using performance appraisal to provide positive feedback, motivating, improvement of policies and operational procedures (Karami, 2003).

Tony Eccles states that strategy implementation is the action that moves the organization along its choice of route towards its goals-the fulfillment of its mission and the achievement of its vision. Strategy implementation is the realization of intentions.
(Maclenhan, 2011). Strategy implementation involves the manner in which an organization should develop, utilize, and amalgamate organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance. Hofer and Schendel (1992) stated that strategy is of no value until it is implemented. The strategy is implemented by developing specific detailed policies and procedures.

The implementation process involves the actual performance that commits resources to accomplish its mission. Implementation involves regularly making difficult decisions about doing things in a way that supports rather than undermine the organizations chosen strategic approach (Daft, 2000). Implementation of strategy will depend on the nature of the knowledge, technology, and competence resources available to the enterprise. The implementation of strategies will be constrained by the need to make the best use of the available resources to meet financial obligation, and to ensure survival in the face of increasingly harsh demands of competitive international trading environments or performance–oriented public sector decision-makers (Morden, 2007).

According to Speculand (2009), leaders know they must pay greater attention to the implementation and that it is not the strategy that delivers revenue it is its implementation. Most strategies, most of the time, accomplish less than half of what their sponsors hoped and planned for. Its true nine out of ten strategies fail to be implemented successfully. Implementing a strategy is harder than crafting strategy. It doesn’t matter if you have the perfect strategy for your circumstances if you don’t succeed in
implementing it. Gershon (2009) emphasizes that one of the difficult challenges of strategy implementation is that everyone agrees to the plan but no one is responsible or accountable for results. Further, there are number of reasons for failed strategy, including the fact that the project goals were unrealistic or poorly defined, the implementation took more time than was originally planned in competing activities and crises took time away from the implementation.

Stoner and Freeman (1989), contend that there are certain barriers to effective strategy implementation and some result from changes in a complex environment while others stem from internal obstacles. Internal constraints could be; resistance to change, financial constraints, inflexibility, executive obsolesce, values, traditions, styles and power. The environmental constraints include scarcity of natural resources, changes in political stability and technology.

In 2009, Holbeche summaries the following as the typical issues that have been experienced by many organizations with regard to strategy implementation: implementation took more time than originally allocated; major problems surfaced during implementation; coordination of implementation activities was not effective; competing activities and crises distracted attention from implementing the decision; training and instruction given to lower level employment were not adequate; uncontrolled factors in the external environment had an adverse impact on implementation.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design used, data collection sources and how data analysis was out.

3.2 Research Design

This research was carried out as a case study. Yin (1988) asserts that Case studies contribute uniquely to our knowledge concerning the individual, an organization, social and political phenomena. Kothari (1990) states that a case study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breadth of a study.

A case study was ideal for the researcher because it allowed him to collect in depth information. The importance of a case study is emphasized by Creswell (1994) who acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study.

3.3 Data Collection Methods

The researcher collected data both from primary and secondary sources on growth strategies adopted by the University. Data from primary sources was collected using interview guide while secondary data was collected through document analysis of documents and published official records of the University of Nairobi.
The researcher interviewed both upper and middle level management and there were six respondents namely; college principal, dean, director, registrar, finance officer and chairman. Secondary data was collected from reports, books, newspapers, strategic plan, other development plans and management programmes.

3.4 Data Analysis

The data collected was from publications and interviews; hence it was qualitative in nature. The researcher used content analysis to analyze the data. Hayes (2012) defined content analysis as any technique for making inferences by objectively and systematically identifying specified characteristics of messages. Content Analysis is a research technique for the objective, systematic, and quantitative description of manifest content of communications (West, 1971).

Content analysis was preferred by the researcher because it enabled him to shift through large volumes of data in a systematic fashion with relative ease. The data collected was compared with theoretical approaches and empirical information cited in literature review to draw conclusions. Data from various departments was compared against each other in order to identify issues that are general to the organization and those that are department specific.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The data was gathered from interview guide and publications. Data was analyzed using content analysis based on meaning and implications emanating from respondents information and documented data on growth strategies at the University.

4.2 Background information of the respondents

The study sought to find out the level of education, the experience of the respondents to determine their understanding of the concept of strategy and growth strategies adopted by the university.

4.2.1 Level of Education

The interview targeted both upper and middle level management. Majority of the respondents are graduates, therefore the level of education was high providing high confidence level that they were going to give the right responses to the interview questions and that they qualified to handle complex management issues such as growth strategy issues.
4.2.2 Experience of the Respondents

Majority of the respondents had been with the organization for over ten years and were conversant with the growth strategies adopted. They stated that the University of Nairobi had a high degree of interaction with the environment which influenced its growth. University of Nairobi is therefore an open system since it interacts with the external environment and faces the challenges posed by the environment necessitating it to adopt strategies to grow its business, built a loyal clientele and out-compete its rivals.

4.3 Strategic Planning Practices

The research study found that University of Nairobi is operating in a very dynamic environment. As a result of the dynamism, the institution is continuously facing new opportunities and challenges, which have to be addressed if the institution has to survive and prosper. The university must understand the changes taking place and adequately align itself to the new environmental realities.

The research study sought to understand the reason why the management undertook growth strategy. The researcher established that strategy for the University of Nairobi is essential in providing the much-needed direction and focus of the institution. It specifies how the institution will move from its present situation to a desirable future, and clarifies the institution’s position and how competitiveness will be attained.
The study established that University of Nairobi has embraced strategic planning to effectively align itself with the ever-changing environment. The strategic plan (2013-2018) guides the university’s operations which are synchronized with Vision 2030, Medium Term Plan (2013-2017), the strategic plan of the Ministry of Higher Education, Science and Technology; the sector performance standards 2009-2030; other Higher Education Sector Strategies; Constitution of Kenya (2010) and the Kenya Universities Act No. 42 (2012).

4.4 Areas of Growth Strategies at University of Nairobi

The study sought to find out if there has been growth at University of Nairobi in the last ten years. All the respondents responded in the affirmative stating that there has been tremendous growth at the university. The study found out that there has been growth in number of students, those that were graduating in each consecutive year and the opening of new campuses. It is noted that from the first 215 students in 1956, there are today over 62,000 students enrolled in the university, a population that makes University of Nairobi one of the largest universities in the world.

4.4.1 Student Enrolments

Enquiries into areas that have grown at the University of Nairobi, the respondents cited that there has been growth in students’ population increasing the number of students graduating in each consecutive year. Increase in the number of students has seen the opening of new campuses in Kisumu, Mombasa and Kenya Science.
The study established that the university offers the most diverse ranges of academic programmes in the East and Central African Region. Whereas the Royal Technical College of East Africa started off with only seven academic units, it now has more than 100 academic units spread in six colleges. The university has a great variety of disciplines within its wide array of academic programmes. The programmes and related disciplines are backed up by an ever-expanding open distance and e-learning.

4.4.2 Source of Funding

The study sought to find out whether there was increase in source of funding. The respondents highlighted that there was increase in major sources of funding including academic revenue, government capitation, research grants and income generating units. Having noted that the university was facing major challenges characterized by dwindling resources against a back ground of increasing demand for higher education, the study has established that increase in sources of funding was fundamental. The ability to attract and efficiently use additional resources contributed to the continued success of the university.

Enquiries into other areas that had contributed to the experienced growth, the respondents cited that research projects were a major contributor. According to one of the respondents, during the last ten years increased research on various projects had contributed to receipt of increased external research grants. The study also established that in the current period, the government had committed two percent of the gross domestic product for fund research activities. The university has the capacity to source for this fund to further its research agenda.
4.4.3 Facilities and Infrastructure

The study sought to find out the facilities and physical infrastructural changes that were necessitated by the growth strategies adopted. The respondents cited that investment in infrastructures and facilities has grown and several stalled projects were completed and new ones started while assets were procured for use in the university.

Again the respondents highlighted that physical facilities in the satellite campuses were enhanced while acquisition of new premises in Kisumu and Mombasa gave the university a more permanent presence in these locations. The university had also invested in a strong information and communication technology base which supports teaching, learning and management.

4.4.4 Number of Employees and Organization Structure

As to whether the growth of University of Nairobi had influenced that organization structure, the respondents cited that the growth had led to the expansion of the organizations structure due to the recruitment and redeployment of both senior and junior employees. This led to the adoption of an expansive organization structure to cater for new employees.

The study found that in the generation and the dissemination of knowledge to meet the national developmental challenges, the university is highly endowed with human capital. It has a big complement of highly qualified and experienced academic, administrative and support staff.
4.5 Factors Influencing Growth

In seeking to understand the causes of growth, the respondents stated a number of forces behind the growth of the institution. Some of the factors that have led to growth were an increase in demand for higher education by qualified high school graduates, diversified programmes offered by the university, outstanding customer service and the location of university of Nairobi in the Central Business District making it easily accessible to many students. The campuses are strategically located within the city of Nairobi and in the satellite locations.

The university is one of the historical landmarks in the city of Nairobi, serving as a symbol of national heritage. Nairobi is not only the capital city but also the central hub of business in the region. This location allows for ease of access to the university by students who live and work in Nairobi. The study established that is a well-established brand with a good reputation and enjoys high visibility and goodwill. This is manifested in its consistent top ranking in Kenya and significant improvement in international ratings. One of the respondent stated that the corporate image of the university contributed to the growth of the university.

4.6 Growth Metrics

The study sought to establish the growth metrics adopted by the university. Asked how the university measures the rate of growth, the respondents stated the statistics of student population; the growth in revenue; the investment in infrastructure and increased number of campuses and schools were some measures used to gauge the rate of growth.
The study established that there were mechanisms in which the university recognized growth. Asked what strategies have been adopted by University of Nairobi in recognition of the growth, the respondents stated that expansion to other regions, offering of competitive programmes and reengineering academic programme.

### 4.7 Growth Strategies Adopted by University of Nairobi

The study sought to find out the growth strategies adopted by university of Nairobi. In the findings; market penetration, marketing communication, product development, and market development and diversification strategies were adopted.

#### 4.7.1 Market Penetration Strategy

The study sought to know what market penetration strategies had been adopted by the University of Nairobi. The respondents stated that as part of the growth strategy to increase the market share of the present product in the present market, the institution has introduced module two programme to serve the increasing number of students. The self-sponsored programmes have brought in many mature students and thereby created a good mix of old and young learners.

As a market penetration strategy, the study found that the university had adopted other strategies to cater for students who were not able to attend regular lecture classes. One of the respondents cited that the university also holds open distance learning to cater for students who are unable to attend regular lecture classes.
4.7.2 Marketing Communication Strategy

The study sought to find the market communication strategies adopted by the University of Nairobi. The respondents responded by highlighting that advertising and sales promotion were common methods that had been adopted. The radio and television networks as well as newspapers and billboards were common methods used in publicizing the institution.

The study also found out that the institution also holds open days every year to create awareness of existing programmes in the institution giving the potential students an opportunity to choose from different programmes offered. It also advises the potential students of the financial aspect in financing through scholarships, sponsorships and academic loans offered by Higher Education Loan Board. One of the respondents responded citing that University of Nairobi also visits secondary schools to create awareness and thus increase its market share.

4.7.3 Market Development Strategy

The interviewer enquired on the market development strategies that University of Nairobi had adopted. The respondents explained that to increase profits by selling the existing products to new market segments, University of Nairobi has opened new campuses. The study found that in many towns throughout the country, University of Nairobi had established extra mural center that hold lecture classes targeting teachers in primary and secondary schools who want to further their education.
The study also established that there were very popular degree programmes including diplomacy, veterinary medicine, business, computer science medicine and education. For these programmes, the university is closely allied to significant government institutions such as Kenyatta National Hospital which contribute to the diversity of the academic programmes.

4.7.4 Product Development Strategies

Enquiries into the product development strategies adopted by University of Nairobi the respondents stated that there was introduction of new courses like masters in science and masters in project planning. One of the respondents highlighted that specialized medical courses had been offered to the public as one of the growth strategies to increase market share of the institution.

The study established that a section of the University of Nairobi mandate has one of the objectives and function as participating in technological innovation, discovery, transmission and enhancement of knowledge. Again proposals for new programmes of study to culminate in degrees, diplomas and undergraduates were being developed.

4.7.5 Diversification Strategies

The study wanted to establish the diversification strategies adopted by the institution. Enquiries into the diversification strategies that the university had adopted, the majority of respondents raised this as a pertinent issue that addressed the challenges of constrained funding that the institution was experiencing following the decline in government
funding. In this respect, College of Health Sciences has introduced a fellowship course which is not offered by other university. This is one of the strategies adopted to strengthen its financial sustainability to reduce the over-reliance on academic revenue.

Other diversifications strategies the institution has adopted as stated by the respondents were the production of mineral water which is distributed for selling in the local market. Opening of canteens by college of humanities and social sciences was another strategy adopted to increase the revenue. The respondents also cited other strategies that were in effect and due to confidentiality principle, they were unwilling to disclose.

4.8 Challenges of Strategy Implementation

The study sought to find out whether University of Nairobi was experiencing any challenges in strategy implementation. The findings of the study indicate that the university is facing challenges including dwindling resources, constrained physical infrastructures, low staff motivation among others.

4.8.1 Inadequate Financial Resources

All the respondents cited that like other firms implementing strategic change, the university is facing major challenges characterized by dwindling resources against a background of an increasing demand for higher education. The study established that public universities now have to compete for scarce resources. The diminished capability of the exchequer to continue meeting fully financial needs of the university, largely due to budgetary pressure on the government and the shift towards the provision of the free
primary education and subsidized secondary education and devolved system of government, have resulted in a policy that gives a greater responsibility of financing higher education to each university.

University of Nairobi offers the majority of programmes whose unit cost is far much higher than the current capitation received from government in respect to the sponsorship of undergraduate students. The university is therefore compelled to subsidize these programmes from other sources of funding. The proposals of differentiated unit cost presented to the government are still awaiting action.

Factors such as economic downturns, decline in government capitation, inadequate endowment funds, and limited philanthropic corporate and alumni contributions coupled with the need to ensure that tuition fee are affordable, have seriously diminished the financial resources for public university education and impaired accessibility and affordability.

4.8.2 Political Interference and legal constraints

The study sought to find out if there was political interference in the operations of University of Nairobi posing a challenge to the institution. Majority of the respondents stated that at the national level, there is growing pressure on public universities to provide greater access to their programmes without compromising academic standards and to provide support services to sustain a high throughput.
The study also established that in addition, the government requires universities to demonstrate their capacity to expand and sustain the programmes they mount, while at the same time being more accountable to the public. The study also established that the legal framework has significantly changed with the implementation of the new constitution (2010), the Universities Act (2012), the establishment of the Commission of University Education and the award of charters to 42 public and private universities.

4.8.3 Competition

Asked if competition was a challenge that the institution faced in strategy implementation, all respondents were definite that the university is facing competition from the local and foreign institutions of higher learning. While the university had attained significant improvements in the international ranking of universities, there was intense competition which had significant implication for the strategic positioning of the university. Locally, the number of universities has increased rapidly citing that there are 42 chartered public and private universities operating in Kenya.

Further the respondents explained that the most popular strategy used by competitors is to increase their student numbers and academic programmes. The university continued to improve on its competitiveness both locally and globally. In the global Webometrics ranking, the university occupies position 1,326 (January 2013), up from 1,435 in July 2012 and 4, 508 in January 2006. The university is rated second in Eastern Africa and in Kenya it is ranked number one. This is an indication of competitiveness of the institution.
4.8.4 Limited Physical Infrastructure

To establish whether University of Nairobi faced physical infrastructural challenges, the respondents agreed that the university was facing challenges and that the teaching, learning and research facilities in some units were generally stretched because the student population has grown tremendously over the last ten years. One of the respondents cited that in an effort to correct a situation whereby students admitted through the placement board had to wait for a long period before joining the university, there was pressure to admit more students which impacted on the already stretched university facilities. This accelerated programme makes the situation worse.

The study also established that university requires state-of-the-art Information communication technology facilities in all aspects of the university life: teaching, learning, research and administration. The high cost of computer hardware and software presented a major challenge for the university to provide widespread use of Information communication technology.

4.8.5 Low Motivation of Staff

Asked whether the staff were motivated enough to handle the changes brought about by the growth of the institution, most respondents cited lack of motivation as one aspect that had led to low morale and productivity. Respondents cited that there were frequent strikes in the university seeking that the terms and conditions of services may be improved occasioned by the difficulties being experienced handling large number of students.
The study established that the connection between the professors and the rest of the staff in a department was generally weak. Younger members of staff in a department who needed academic mentoring from the professors often did not get the support they needed. In this respect the academic leadership of the professors was not adequately felt.

### 4.9 Interpretation of the findings

There were several similarities noted in the findings that University of Nairobi employed and those from past studies. Many organizations have adopted growth strategies in response to the changing environment. Organizations do not operate in a vacuum, they interact with the external environment thus business have to adopt strategies to grow the business, built a loyal clientele and out-compete its rivals (Houghet.al, 2008). Similarly, University of Nairobi has adopted growth strategies aimed at growing the business and out-competing its rivals. Swaim (2010) mentioned that new industries can grow well and grow more by accident than by management, but when the economy grows, changes in the economy are bound to be abrupt and sharp hence a company that does not grow will decline. University of Nairobi thus adopted growth strategies with respect to changes in the economy to avoid a decline in its profitability and market share.

According to Daft (2008), growth can be promoted internally by investing in expansion or externally by acquiring additional business divisions. To promote growth, University of Nairobi adopted the corporate growth strategies matrix presented by Ansoff. In this case, the university has promoted expansion both internally and externally.
To penetrate the market, strategies such as advertising, creating awareness through open forums have been employed by the university whilst market development strategies involved opening new campuses and extra-mural courses. Product development strategies such as introduction of new courses like masters in science and masters in project planning and diversification strategies such as introduced a fellowship course, production of mineral water and opening of canteens were also adopted. Other studies reveal that organizations adopt Ansoff’s corporate growth strategies matrix as a tool to guide them towards developing market growth strategies.

University of Nairobi was noted to have faced challenges such as decline in government capitation, political interference, low staff motivation, economic downturns, inadequate endowment funds, and limited philanthropic corporate and alumni contributions. It is also facing physical infrastructural challenges and teaching, learning and research facilities in some units were generally stretched because of the growth in student population. Measures to counter the challenges have to be adopted to ensure smooth transition in the implementation of the growth strategies.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section presents a summary of study findings, conclusions and recommendations based on the findings of the study.

5.2 Summary and discussion of the findings

The main objective of the study was to determine the growth strategies used by the University of Nairobi and to determine the challenges of implementing the growth strategies adopted. Based on the findings in the previous chapter, there has been tremendous growth at University of Nairobi noted by the growth in students’ population, opening of new campuses, diverse ranges of academic programmes and new units had been introduced, there was notable increase in revenue and expansion of the organization structure.

The causes behind the growth were the increase in demand for higher education by qualified high school graduates, diversified programmes offered by the university, strategic location and the good reputation of the university. To determine the growth strategies used by University of Nairobi, according to the findings of the study the institution has adopted market penetration strategy by introducing module two programmes, open-distance learning, e-learning, advertising, open day forums and visiting secondary schools to create awareness.
For market development, University of Nairobi opened new campuses and has extramural centers in major town in Kenya. New products were introduced in the market such as master in finance and project planning while to diversify, University of Nairobi began strategic alliances and exchange programmes, production of mineral water, and opening of canteens.

From the research finding, implementing growth strategies at University of Nairobi has not been without challenges. The diminishing capability of the exchequer to continue meeting fully financial needs of the university has resulted in a policy that gives a greater responsibility of financing higher education to the university. Other factors such as inadequate endowment funds, and limited philanthropic corporate and alumni contributions seriously diminished the financial resources for the university. The university is facing competition from the local and foreign institutions of higher learning while political interference and physical infrastructure posed as a major challenge to the institution.

5.3 Conclusion

The study concludes that University of Nairobi has been experiencing tremendous growth in most areas of its operations as indicated by the increase in student population and academic programmes, opening of new campuses, there was notable increase in revenue and expansion of the organization infrastructure. By the adoption of the market penetration, market development, product development and diversification strategies, University of Nairobi has managed to experience remarkable growth.
Dwindling funds, competition, political interference and physical infrastructure are some of the challenges that University of Nairobi faced during implementation of growth strategies. However, despite the above challenges, University of Nairobi’s governance, leadership and culture management has provided direction on the appropriate course of action to take by adopting various strategies. Embracing specialization, seeking of funds from other sources other than academic revenue, the ongoing development of physical infrastructure, quality control and retention of best employees were measures adopted to counter the challenges.

5.4 Implications on Policy, Theory and Practice

In the wake of the major happenings in the current turbulent environment, the challenges have increased and the public expectations are high for University of Nairobi to demonstrate leadership role in learning and research being the oldest institution in the country. It is therefore inevitable for the university to embark on a process of change by developing flexible strategic plans.

University of Nairobi adopts various growth strategies and challenges therefore arise during the implementation of the growth strategies. To counter the challenge of staff motivation, it is recommended that the institution adopts low level management involvement and communication when facing the imminent changes and in the formulation of strategies. The university should come up with more means of raising finances to counter the challenge of dwindling funds and innovative ways to out-compete the rivals thus maintain its position as the number one university in Kenya.
5.5 Limitation of the Study

It was difficult to get appointments for interviews and a lot of time was wasted visiting some offices severally. Some of the respondents were reluctant to be interviewed while others were so busy or out of office. The time allocated and the resources were very limited which constrained the scope as well as the depth of the research.

Data collected was qualitative in nature and therefore the researcher was required to analyze this data using content analysis. The method is subjective and involves a lot of decision making which can lead to different conclusions by different researchers while analyzing the same data.

5.6 Area for further research

The study focused on the various business growth strategies employed by the University of Nairobi and the challenges experienced in implementation of the growth strategy. More studies need to be carried out in other institutions of higher learning. Another suggestion for further research can be a survey of the factors that influence growth strategies in institutions of higher learning addressing the major impacts on the institutions.
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APPENDIX
INTERVIEW GUIDE

PART 1: BACKGROUND INFORMATION

1. What is the name of your College/School/Faculty/Institute/Department?
2. How long have you been in the University of Nairobi?

PART 2: GROWTH STRATEGIES AND CHALLENGES OF STRATEGY IMPLEMENTATION.

1. Has there been growth in the last (10) years at the University of Nairobi?
2. Which areas have grown at the University of Nairobi?
3. How does the university measure rate of growth?
4. What has caused growth into the University of Nairobi?
5. What strategies have the adopted by university in recognition of the growth?
6. What market penetration methods have been used to boost growth?
7. What market development methods have been used to boost growth?
8. What Product development methods have been used to boost growth?
9. What diversification methods have been used to boost growth?
10. How have the adopted growth strategies assisted the University of Nairobi in the achievement of its strategic goals?
11. Do you feel the university has adequate resources/assets to achieve growth objectives?
12. What major challenge has your College/School/Institute/Department faced in the implementation of these strategies?
13. What challenges is the University of Nairobi facing in implementing the strategies?

14. Has the University of Nairobi been able to respond to these challenges? Explain.

15. How would you describe the level of competition facing the University of Nairobi currently?

16. Do you feel that the political situation in the country/University of Nairobi has contributed to the level of growth?

17. The country of Kenya has in the last few years seen a better economy. Did this affect your growth strategies?

18. In your own assessment, does the University of Nairobi have the necessary kind of leadership to enable implementation of growth strategies? Explain.