STRATEGIC RESPONSES BY THE UNIVERSITY OF NAIROBI TO CHANGES IN THE EXTERNAL ENVIRONMENT

MORRIS M. EVUSAH

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DECLARATION

This research project is my original work and has not been submitted for the award of any degree in any other university.

Signed: …………..……………………………….. Date: …………………………

Morris Mugata Evusah

Reg.No. D61/66862/2011

The research project has been submitted for examination with my approval as the university Supervisor.

Signed: ………………………………………… Date: …………………………

Dr.Vincent Machuki, PhD

Lecturer,

Department of Business Administration,

School of Business, University of Nairobi.

DEDICATION

I dedicate this research project to my dear wife Mary, son Markmillan and my beloved daughter Glory for being there for me during the period of conducting this study. Also to my parents Mr. and Mrs. Evusah who have always encouraged me and helped me understand the value of education and hard work in life.

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I am very grateful to the Almighty God for giving me wisdom, energy and strength to go through this demanding but rewarding exercise. This study was realized through the power and will of God and the contribution of many people who supported me.

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ACRONYMS AND ABBREVIATIONS

ACCPAC: Accounting Package

Bcom: Bachelor of commerce

BPS: Board of Post Graduate Studies

CHE: Commission for Higher Education

CIPL: Centre for International Programmes and Links

ERP: Enterprise Resource Planning

GNP: Gross National Product

JKUAT: Jomo Kenyatta University of Agriculture and Technology

ICT: Information Communication Technology

ISO: Organization for International Standard

KARI: Kenya Agricultural Research Institute

KAVI: Kenya Aids Vaccine Initiative

KEFRI: Kenya Forest Research Institute

KEMRI: Kenya Medical Research Institute

PESTEL: Political, Economical, Social, Technological, Ecological and Legal framework

RBV: Resource Base View

R &D &E: Research, Development and Engineering

SMIS: Students Management Information Systems

UNESCO: United Nations Education Social and Cultural Organization

UoN: University of Nairobi

VC: Vice Chance

ABSTRACT

Organizations are environment serving and environment dependent. The environment in which organizations operate is constantly changing with different factors influencing the organizations. Coping with the increasingly competitive environment has called on firms to rethink their strategies. Strategic responses ensure the survival of organizations at large and at the same time enhance relevance in the environment in which they serve. The objective of this study was to determine the strategies adopted by the University of Nairobi to changes in the external environment. An interview guide was used to collect primary data while secondary data were gathered from various publications of the University of Nairobi. The data collected was analysed using content analysis. The study findings indicate that the University of Nairobi faces various challenges from the external environment including increased competition from local and international universities, reduced capitation from the exchequer, low information technology integration, poaching of staff by other universities, high rate of poverty in the country, increased pressure to admit more students and inadequate budgetary allocation. The University of Nairobi has adopted various strategic responses to address these challenges which included expansion into new markets, product development, forming strategic alliances and collaborations with other universities, improving resource management and governance, increasing and diversifying the revenue base, upgrading and fully exploiting university assets and preparing a university strategic plan for the development and use of physical facilities. Other response strategies included promoting research, and consultancy activities, innovation and technology transfer. Following the findings from this study, the following recommendations are made. The management of the university of Nairobi should lead in providing leadership and direction required in formulating strategic responses, fine tuning strategic plan by the university to fit to environmental changes, ensuring a strategic fit between the strategies and the environment, promoting research, consultancy, innovation and technology transfer through developing and implementing appropriate research programmes and promoting relevant consultancy services, collaborating/partnering and forging strategic alliances with other universities both locally and internationally, market expansion and diversification.

CHAPTER ONE: INTRODUCTION

1.1   Background of the Study

Organizations are environment dependant for their resources to produce goods and services, which are released back to the external environment for onward utilization. The external environment, therefore, constitutes the political, economic, social, technological, ecological and legal environments. More often than not the external environment is turbulent. This means it is rapidly changing; it is unpredictable as well as full of surprises. According to Ansoff and McDonell, (1990), this turbulence exerts pressure on the organizations to change for them to survive. In essence analysis of the political, economic, sociological, technological, ecological and legal framework takes greater significance in responding to the environment. According to Pearce and Robinson (2003), in order for organizations to achieve their goals and objectives it is necessary for them to adjust to their environment.

The concept of strategy is based on various theories and models which includes the dynamic capability theory. According to Teece (1997) the dynamic capabilities includes the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. Dynamic capabilities thus reflect an organization's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions. Another theory of strategy is the open system theory and according to Pearce and Robinson (2003), organizations depend on the environment for their continued survival. This means that an organization operates as an

open system. At the very basic level of this interaction is the idea that the organizations derive their inputs from the environment and give their output to the environment.

University of Nairobi therefore requires strategies to effectively respond to the changes in the external environment. Strategy is all about corporate success. It is an executable plan of action which describes how an organization will achieve a stated mission. Strategies could be formulated to cover or drive products, services operations, and support managerial and leadership processes. Any good strategy is believed to have the scope of the firm which shows the firm's mission and its business both at present and planned interchanges between the firm and its environment. These challenges in the external environment that are likely to affect the University of Nairobi will include: competition, technological advancement, government regulation, globalization and growing dynamism for the demand for efficient services. Organizations need to be constantly aware and cognitive of the changes in the dynamic operating environment and to respond appropriately and strategically to these changes.

1.1.1 The Concept of Strategic Responses

Strategic responses are defined by Pearce and Robinson (2003), as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Strategic responses ensure the survival of organizations at large and at the same time enhance relevance in the environment in which they serve. This has seen organizations embrace and focus on the challenges that the environment has with a keen interest on adaptation and change that is seen as sustainable to any

enterprise. With each environmental threat we see a more focused approach to its adaptation and in the same breath, with each environmental opportunity we see organizations respond positively in a more receptive approach.

According to Byars (1991), strategic responses are different from operational responses. Operational responses are concerned with efficiency of operations. Strategic responses on the other hand affect several areas of operation, require top management decisions and large amounts of money, are future-oriented and affect long-term prosperity of the firm and most importantly are dependent on the environment. Therefore each firm adopts strategies that match its environment and that are supported by the firm's internal capability. The environment in which organizations operate is constantly changing with different factors influencing the organizations. Coping with the increasingly volatile environment has called on firms to rethink their strategies (Pearce and Robinson, 2007). Organizations have therefore been forced to respond appropriately to the changing environment. These changes have emanated from political, economic, social, technological, ecological and legal environment framework (PESTEL).

To survive, organizations need to identify the forces of change appropriately and devise strategies to keep the forces at bay. These are the strategic response decisions that organizations have been forced to employ.

1.1.2 External Environment

The environment can be classified into the internal and external environment. The external environment refers to those factors that are outside the organization's influence but which affect the organization's operations. The external environment presents opportunities which the firm can exploit and poses threats which can hinder the organization's activities. The internal environment refers to factors within the organization which the organization exercises a great deal of control over and which affect the organization's operations. The internal environment therefore constitutes an organization's internal capability which is essential in addressing the external environment.

According to Pearce and Robinson (2003), in order for organizations to achieve their goals and objectives it is necessary for them to adjust to their environment. Johnson, Scholes and Whittington (2005), stated that organization exists in the context of a complex political, economic, social, technological, environmental and legal world. The environment changes and affects different organizations differently. They argued that how this affects the organization includes an understanding of historical and environmental effects as well as expected or potential changes in the environmental variables. Many of these variables give rise to opportunities and others exact threats on the organization or both. Political factors define the legal and regulatory parameters within which firms must operate (Pearce & Robinson, 2003).The direction and stability of political factors are a major consideration for managers on formulating company strategy.

Pearce and Robinson (2007), states that the direction and stability of political factors are a major consideration for managers on formulating company strategy. Political factors define the legal and regulatory parameters within which the firms must operate. Political constraints are placed on firms through fair-trade decisions, antitrust laws, tax programs, minimum wage legislation, pollution and pricing policies and many other actions aimed at protecting employees, consumers, the general public and the environment. Because such laws and regulations are most commonly restrictive, they tend to reduce the potential profits of firms. However, some political actions are designed to benefit and protect firms such as patent laws and government subsidies. Thus, political factors may either limit or benefit the firms they influence.

Economic factors concern the nature and direction of the economy in which the firm operates. Economic factors have a direct impact on the potential attractiveness of various strategies Wachira (2010). Because consumption patterns are affected by the relative affluence of various market segments, each firm must consider the economic trends in the segments that affect its industry. Scholes and Whittington (2005), identify business cycles, GNP tends, interest rates, money supply, inflation, unemployment and disposable income as being the significant factors that affect the economic environment. Economic conditions change over time and are difficult to predict as periods of dramatic growth may be followed by a recession. Even when times seem good, budget deficits or other considerations may create concern about the future. The economic environment dramatically affects companies' ability to function effectively and influences their

strategic choices. Interest and inflation rates affect the availability and cost of capital, the ability to expand, prices, costs and consumer demand for products.

Social factors that affect an organization involve the beliefs, values, attitudes, opinions and lifestyles of persons in the firm's external environment as developed from cultural, ecological, demographic, religious, educational and ethnic conditioning (Pearce & Robinson, 2003). Like other forces in remote external environment, social forces are dynamic with constant change resulting from efforts of individuals to satisfy their desires and needs by controlling and adapting to environmental factors Wachira (2010).

Technological considerations must be monitored to ensure a firm is not rendered obsolete and also to promote innovation according to Mwangi (2005). Technological variables include cost of technology, rate of obsolescence, efficiency of infrastructure and new innovations. Technological changes involve new manufacturing processes, new products and services from suppliers, new products and services from competitors and any new technology that affects the way a firm operates. Creative technological adaptations can suggest possibilities for new products/services or for improvements in existing products/services or in manufacturing and marketing techniques according to Porter (1995). Technological forecasting can help protect and improve profitability of firms in growing industries. It alerts strategic managers to both impending challenges and promising opportunities. For example, by combining the powers of internet technologies with capability of teleconferencing, the e-learning technologies will enable more students in remote areas to access higher education.

1.1.3 The Higher Education Sector in Kenya

The higher education in Kenya has undergone tremendous transformation in the recent past. University education in Kenya began in 1963 with just 571 students enrolled in Nairobi University College. Since then, the system has undergone considerable expansion, and by 2012, there were a total of 22 public universities with 9 constituent colleges and over 20 chartered private universities with varying levels of accreditation. (Commission for Higher Education-CHE, Universities Act no.42, 2012)

Higher education in Kenya has witnessed tremendous expansion in terms of the number of students demanding access to University education. This has led to congestion in the facilities that had initially been designed to accommodate only a few students. Rising student numbers has also led to poor working conditions in universities in the country. There has been continuous demand for higher education in Kenya, and the university systems have been forced to expand and be more innovative to meet this increasing demand. Public universities have responded to this development by mounting privately sponsored Module II programs – commonly referred to as parallel degree programs – whereby, apart from the regular students sponsored by the government, universities are also admitting students who are self-sponsored. These students take their lectures separately in the evening and weekends or together with the regular students Chacha (2004) this is just one way of dealing with the challenges that are facing these higher education institutions.

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

1.1.4 The University of Nairobi

The University of Nairobi, a body corporate established by an Act of Parliament Cap 210 of the laws of Kenya is the pioneer institution of University education in Kenya. The University of Nairobi is the oldest university in Kenya. It was formerly known as the Royal Technical College of East Africa when it started in 1956. It became a fully-fledged university in 1970. Although many more universities, both public and private, have emerged in the interceding years, the University of Nairobi has remained the biggest and most vibrant in the country. Currently the university has six colleges, three faculties, six institutes, eighteen schools, two centres and sixty seven departments that offer a wide array of programmes in all disciplines to over 62,000 students (varsity Focus 2013).

The university's growth for over 50 years has been gained through certain definite strengths that include: a well established corporate name, a large base of influential alumni, vast physical resources and land, very good experience with running a 'private university wing', a strategic location in the central business district of major cities in Kenya and a relatively good complement of quality academic and non academic staffs. However with all the strengths outlined above the University of Nairobi has not fully seized some of the opportunities available to it including an increased demand for higher education in Kenya, growing demand for specialized courses like medicine, pharmacy, engineering, finance, accounting, and automation of university systems to increase efficiency in services, a strong worldwide move towards knowledge based economies and demand for knowledge driven consultancies.

The University of Nairobi requires effective strategy to respond effectively to ever-changing external environment including the steep competition from both local and international universities, students population has risen from 200 students since its inception in 1956 to the current population of more than 60,000 students enrolled in various disciplines, automation of the university systems to offer efficient and effective services to its stakeholders.

The structure of the University of Nairobi comprises of the chancellor, Vice Chancellor who is the chief executive officer and four Deputy Vice Chancellors who oversee all the operations of the university. The university has six colleges each headed a principal, six institutes, eighteen schools, two centres and sixty seven departments. The University of

Nairobi has many stakeholders who include students, sponsors of various programmes, parents, Government, charitable organizations, Donors, suppliers, teaching and non-teaching staff and the society at large. All these stakeholders expect mutual benefit from the university. (University of Nairobi Strategic Plan, 2010-2015).

1.2 Research Problem

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

Competition has been stiff among public institutions offering university education in Kenya. Therefore the University of Nairobi needs to craft strategies necessary to response to this challenges that include; reduction in government funding, ever-increasing competitors offering universities education. A lot has changed in terms of mode of learning and the nature of students since the introduction of parallel degree programmes in almost all public universities, social changes, reduced funding to public universities by the government; hence the universities are expected to explore other means to meet their budget deficit.

Several studies have documented strategic responses to changing environment within Kenyan organizations. Some of these include; Njogu (2007) Schilder Kenya Ltd, Kitonyi (2008) Postal Corporation of Kenya, Odongo (2008) Kenya Tourist Development Corporation, , Musa (2004) National Bank of Kenya, Mutua (2010) Deposit Protection Fund); Kubai (2010) Kenya Airways, Wachira (2011) JKUAT, Njiru (2012) public universities among other studies. All these studies revealed that organizations react differently to changes in the external environment and it all depends on how the environment influences them. Kubai (2010) in her study found that challenges in the external environment that has affected the operations of Kenya Airways includes global financial crisis, competition from other airlines, political instability, acts of terrorism and fluctuation in exchange rates and entry of low cost local carriers in the market has reduced the company's market share.

Despite the many previous studies conducted on the response of various organizations to changes in the external environment, I have not found a study conducted specifically on the University of Nairobi, hence the knowledge gap for the study. Taking into account the intensity of competition within the education sector in Kenya, the institution of higher learning and especially the University of Nairobi needs to determine appropriate strategies to counter the changes in the external environment to achieve competence in the market. It is in this light that the researcher seeks to fill the gap in this area of study: What strategies the University of Nairobi has adopted to respond to changes in the external environment?

1.3 Research Objectives

The objective of this study was to establish strategies adopted by the University of Nairobi in response to changes in the external environment.

1.4 Value of the study

The study was of value to players in the following areas, Firstly; the study support the existing theories of open systems where by organizations rely and are affected by the environment in which they operate. The University of Nairobi being an open system has put in place various response strategies to adapt to changes in the external environment. From the research findings these response strategies includes expanding into new markets, product innovations and collaborations with other universities. The study also contribute to the general body of knowledge and form a basis for further research on ways of responding to changes in operations of the service industry for economic growth.

Secondly, the study was of great help to policy makers in the education sector in formulating policies that guided in planning, implementation, monitoring and evaluation of academic programmes to respond to changes in the local and international education markets. The findings were also found to be of importance to government of Kenya in its policy and regulatory framework to the higher education sector. The interviewee argued that the government of Kenya should liberalize the higher education to allow for competitive recruitment of university management boards.

Finally, the study was useful to managerial practices at the University of Nairobi. Managers at the university, who includes: VC, deputy VCs, directors, chairpersons of various departments, registrars, and deans will be equipped with knowledge on assessment of the university performance, process reengineering in the University and to be informed of market trends and innovations. The interviewee stated that the study was very useful in the preparation of strategic plan for the University of Nairobi by incorporating the various strategic responses to changes in the external environment in which the university is operating.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are; theoretical underpinnings of the study, the concept of strategy, organization- environment interface and strategic responses to changes in the external environment.

2.2 Theoretical Underpinnings of the Study

Strategy is grounded on various theories but only two will be considered for this study: the dynamic capability theory and open system theory. Dynamic capabilities theory according to Teece et al. (1997) is described in terms of an expansion on the resource base view model (RBV). Both models attempt to use an analysis of processes and routines to offer a description of organizational activity with clear high-level implications for strategies that if implemented by managers, can result in higher firm performance and help explain the difference in performance among firms. Examples of resources might include assets, knowledge, or relationships to other firms. However, RBV seems to have little to say about the way that resources are created, won, or released. The result, some critics of RBV had charged, is a model of organizational interaction that is overly static. The consequence of strategy built on RBV is a strong focus on choice of resources and not enough emphasis on how they are created and built.

Open system theory on the other hand looks at organizations as a number of interconnected sub-systems whereby change in one affects the whole. It sees organizations as open and interacting with the external environment and the subsystems among themselves. The objective of the Open Systems approach is to structure the functions of a business in such a manner that, through clearly defined lines of coordination and interdependence, the overall business objectives are collectively pursued. The emphasis is on achieving overall synergy, rather than on optimizing the performance of any individual.

Organizations are not closed systems as they do not operate in a vacuum. They are open systems and, therefore, rely and are affected by the environment in their operations. The environment, broadly speaking could be internal or external. The external environment is infinite and consists of all the elements outside the boundaries of the firm that have the potential or actual capability to influence the operations of the firm. The environment provides the required inputs for the firm from which the firm produces the outputs which it again releases back to the environment.

2.3 The concept of Strategy

Strategy is a multi dimensional concept and various authors have defined strategy in different ways. Chandler (1998) defined strategy as the determination of the basic long-term goals and the objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Pearce and Robinson, (2001) defined corporate strategy as the pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals, stated in such a way as to define

what business the company is in or is to be in and the kind of company it is or is to be. Ralph (2010) depicted strategy as the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce and Robinson, 2001). Ansoff and McDonell (1990) viewed strategy in terms of market and product choices. According to their views, strategy is the "common thread" among an organization's activities and the market.

Ansoff and McDonnell (1990) defined strategy basically as a set of decision-making rules for guidance of organizational behaviour. They further added that there are four distinct types of such rules as follows. The first is yardsticks by which present and future performance of the firm is measured. The quality of yardsticks they say are called objectives and the desired quantity are goals. The second type is rules for developing the firm's relationship with its external environment which are called product-market or business strategy. The third type is rules for establishing internal relations and processes within the organization which are referred to as the organizational concept. Lastly, are the rules by which the firm conducts its day-to-day business which are called the operating policies.

Aosa (1992) argued that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. He defined a strategic problem as a mismatch between internal characteristics of an organization and

its external environment. The match is achieved by developing an organization's core capabilities related to the external environment well enough to allow for exploitation of opportunities in the external environment and minimization of threats. Chandler (1998) viewed strategy as the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and allocation of resources necessary for carrying out the goals.

According to Johnson and Scholes (1997), strategic decisions are concerned with and affect the long-term direction of a firm. They are also aimed at achieving some advantage for the firm and are sometimes conceived as the search for effective positioning of the firm to give advantage to the firm. They argued that such decisions are likely to be concerned with the scope of an organization's activities that is what it should be like and what it should be about. Next, strategy involves matching the firm's activities to the environment it operates in which they term as strategic fit. However strategy can also be building or stretching the resources and competences to create opportunities or capitalize on them. Strategies they added may require major resources and are likely to affect operational decisions. Lastly they argued that strategies are affected by the environmental forces, resource availability and the values and expectations of those who have power in and around the organization.

Study conducted by Mutua (2010), found out that strategy is a unified and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization.

2.4 Organization and Environment Interface

According to Pearce and Robinson (2003), an organization is a social entity that has a collective goal and is linked to an external environment. In order for organizations to achieve their goals and objectives it is necessary for them to adjust to their environment. According to Johnson, Scholes and Whittington (2005), an organization exists in the context of a complex political, economic, social, technological, environmental and legal world. The environment changes and affects different organizations differently. They argued that how this affects the organization includes an understanding of historical and environmental effects as well as expected or potential changes in the environmental variables. Many of these variables give rise to opportunities and others exact threats on the organization or both.

The firm's external environment includes the main interrelated broad sectors which provide the opportunities, the constraints and threats faced by the firm. The remote environment has elements originating beyond the firm are not firm specific and apply industry wide. These are the political, legislative, economic, social and ecological factors (Pearce & Robinson, 2003). Wheelen and Hunger (2001) argue that if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment, especially such relevant groups as customers, competitors, suppliers, creditors and the government and how they impact on its operations, success is dependent on productivity, customer satisfaction and competitor strength. Effective strategy may enable a business to influence the environment in its favour and even defend itself against competition.

Porter (1980) explained the concept of dynamic strategy fit. He states that firms create and sustain competitive advantage because of the capacity to continuously improve, innovate and upgrade their competitive advantage overtime. According to Thompson and Gamble (2007) a successful strategy is consistent with the organizations goals and values, external environment, resources and capabilities, and organization system. This indicates the fact that the organization depends on the environment for its survival and the responses to the environmental situation will determine its performance; thus, when there are changes in the environment, the organizations capabilities and strategies would have to be changed in order to ensure strategic fit. To be successful over time, an organization must be in tune with its external environment. There must be a strategic fit between what the environment wants and what the firm has to offer, as well as between what the firm needs and what the environment can provide (Wheelen and Hunger, 2001). The speed or response time to the environment challenges has been identified by Pearce and Robinson, (2003) as a major source of competitive advantage for numerous firms in today's intensely competitive global economy. It is thus imperative to quickly adjust and formulate strategies so as not to be overtaken by events.

2.5 Strategic Responses to Changes in the External Environment

Pearce and Robinson (2001) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Responses by 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 organizational 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.

Responses to competition may come in the form of expansion strategies which may be used by a firm to ground and position a firm competitively. Expansion may take the form of Intensive strategies such as market penetration, market development and product development. Market development involves introducing present products or services into new geographical areas (Pearce and Robinson, 1997). Product development seeks to increase sales by improving or modifying present products or services. Pearce and Robinson (1997) observed that this strategy is most effective when an organization competes in an industry that is characterized by rapid technological developments and when major competitors offer better quality products at comparative prices. On the other hand market penetration seeks to increase the market share for present products or services in present markets through greater marketing efforts. These strategies are more appropriate when increased economies of scale provide major competitive advantages.

Diversification strategy is the process of entering new business markets with new products. Such efforts may be undertaken either through acquisitions or through extension of the company's existing capabilities and resources (Mutua, 2010). Diversification is meant to be the riskiest of the four strategies to pursue for a firm. According to him, diversification is a form of growth strategy for a company. It seeks to increase profitability through greater sales volume obtained from new products and new markets. Diversification can occur either at the business unit or at the corporate level. At the business unit level, it is most likely to expand

into a new segment of an industry in which the business is already in. At the corporate level, it is generally entering a promising business outside of the scope of the existing business unit. According to Johnson and Scholes (2003), corporate level responses is the first level of strategy at the top of the organization, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise.

A strategic alliance is a formal agreement between two or more separate companies in which there is strategically relevant collaboration of some sort, joint contribution of resources, shared risk, shared control, and mutual dependence. Often alliances involve joint marketing, joint sales, or distribution, joint production, design collaboration, joint research, or projects to jointly develop new technologies or products. The relationship between partners may be contractual or merely collaborative.

Product innovation strategy can also be use by companies to respond to changes in the external environment. Companies whose strategy is based on product innovation guarantee their economic success through systematic introduction of radically new products in the market, usually by making existing ones obsolete. They endeavor to continuously produce state-of-the-art products and services (Pearce and Robinson, 2007). Their core competence is research and development and engineering (R & D & E). Three challenges must be met to attain that goal, creativity being the first one. It's the recognition and embracing ideas usually outside the company. Secondly, innovative companies must commercialize ideas quickly. Thus, their business and management processes need to be engineered for speed. Product leaders relentlessly pursue new

solutions to problems. Finally, firms utilizing this discipline prefer to release their implements rather than wait for competitors to enter. Hence, product leaders do not stop for self-congratulation; they focus on continual improvement, they act as their own competition, and believe that if they do not develop a successor, a competitor will. Such firms survive and prospers due to the high profitability they achieve in the period where they enjoy monopolistic market position.

The firm can also use differentiation strategy in providing products and services which add more value to the customers more than those of the competitors. Here, the customer is made to perceive the premium value in the products and services offered. Differentiation makes the products unique and it is the uniqueness which makes the customer loyal to the firm through brand loyalty (Porter, 1980). The use of modern information technology in product/service modifications and delivery, use of unique design, marketing, sales and even distribution in a non routine order creates differentiation. For the firm to earn higher return on investment on the basis of differentiation, the firm must have highly skilled, creative and innovative employees within the capabilities to continuously improve the products and make them unique. There has to be powerful distribution network, strong products branding, modern research and development, ICT and strategic marketing. Differentiated products or services should satisfy the customer needs through offering variety, superiority, and affordability of services to the customers while ensuring shareholders' wealth maximization.

An organization can also employ cultural change and corporate learning as strategic response. The rate of organizational learning is dependent on culture, while the rate and content of organizational learning fundamentally influences the firm's culture. Thus, culture change is a process of relearning. Other cultural shifts include changes in architectural design and branding of corporate building, the change of organizational logo, nature of internal communications as well as staff dress codes. Strategic responses to a changing competitive environment, therefore, entail substantial changes to organization long term behaviour. These adaptations may be gradual or revolutionary depending on the nature and circumstances facing the organization.

The organizations strategic capabilities should also be reviewed as a response to changes to the environment. This includes the development of unique resources which enables an organization achieve competitive advantage especially where the competitors cannot duplicate the resource. Branding of goods and services is one such way of developing a unique competence. Cost efficiency is another important strategic capability for an organization, which enables the offering of goods and services at lower prices where the low cost benefit is on passed to the customer leading to improved customer royalty.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the method that was used in carrying out the study. It covers the research design, data collection methods, and the method used in data analysis.

3.2 Research Design

The research design used was a case study. Kothari (2004) described a case study as 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. Cooper and Schindler (2003) asserted that case studies places more emphasis on full contextual analysis of fewer events or conditions and there interrelations.

A case study was important for this study since it allows the researcher to collect in-depth information from the managers at the University of Nairobi on various strategic response adopted to handle challenges in the external environment. A case study also has advantage of being free from material bias, as well as enables the researcher to do an intensive investigation of the particular study unit.

3.3 Data Collection

The researcher collected data both from the primary and secondary sources. Data from primary sources was collected using interview guide. The researcher interviewed senior and middle level managers, heads of various departments at the University of Nairobi who include the registrars, directors, finance officer and members of strategic plan committee.

The researcher also collected secondary data from the University of Nairobi publications which include the university strategic plan, university publications and journals, university web sites, internal communications and memorandums.

3.4 Data Analysis

Data collected for this study was qualitative in nature. The collected was first checked for completeness and consistency. A content analysis was then performed on the data to allow for an in-depth understanding of issues in the case. Nachmias and Nachmias (1996) defined content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate to trends.

Content analysis was preferred because it enabled the researcher to sift through the collected data in a systematic manner. Content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate to trends. This approach had been used successfully by Njiru (2010), Mwangi (2007) and Mungai (2012) in their previous studies.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The objective of the study was to determine the strategies adopted by the University of Nairobi to respond to changes in the external environment. Primary data were collected using an interview guide while secondary data were collected from the university strategic plan and other publications by the University of Nairobi. The study focused on senior and middle level management staff at the University of Nairobi who included chairmen of various departments, registrars, Director BPS, Director CIPL, chief internal auditor, finance officer, capital assets manager, performance contracting officer and some Bcom students. The data collected were analyzed through content analysis and the findings compared with the objective of the study and theories of strategy. The study indicated that most of the interviewees had worked in the university for a period between three years and twenty five years. This is an indication that most of the respondents had thorough knowledge of the institution.

4.2 The External Environment of the University of Nairobi

From the various interviews conducted, it's clear that the University of Nairobi is facing very steep competition from other universities local and foreign, public and private. The management is proactive and has put in place various mechanisms to respond to these challenges. Planning registrar pointed out that the University of Nairobi has a strategic plan that guides the various operations of the university and also toward realizing the vision and mission of the university.

He pointed out that the strategic plan is reviewed after every five years; however in the recent years it has become necessary to monitor and incorporate short term reviews to accommodate frequent inevitable changes from the external environment. For instance the current strategic plan was reviewed on June 2012 to synchronize it with Vision 2030, the new constitution, the strategic plan of the Ministry of Higher Education, Science and Technology and the Governments reviewed sector performance standards that streamlined approach to performance contracting for public sector institutions. The strategic plans must be in line with the university's vision and mission.

The administration registrar hinted that the review of the university strategic plan is based on the findings of a team of experts from various disciplines within and outside the university who carry out a SWOT analysis to determine whether the strategies adopted by the university are viable and aligned to changes in the external environment. From this analysis the strategic planning team is able to establish the university strength (known brand name, strategic location within major cities in the country, a pool of qualified and experienced work force). The weaknesses are also identified which include congestions due to shortages of physical facilities, underutilized land, low staff morale due to underpayments. The opportunities mentioned were increasing demand for university education, strategic alliances and other programme linkages with other established foreign universities like University of Washington and Oklahoma University. Threats to University of Nairobi were rapid in technology, mushrooming of universities, government policies on fees and admissions of students among others.

The planning registrar said "once the strategies are formulated, they are cascaded down to the college level". The college strategic plans are also cascaded to the various schools, faculties, institutes and departments, which formulate their own strategies in line with the overall strategies of the university. The university organizes workshops, seminars and office meetings where views and feedbacks are collected from the members of staff. The objectives of each department are translated into performance targets, which are used to measure performance of individual departments as well as individual staff.

In our interview, the finance officer had this to say "the University of Nairobi has been experiencing challenges in financing most of the projects spelt out in the strategic plan because of reduced funding from the exchequer compared to an increase in the student's population". He continued to say that high rates of interest being charged by financial institutions have made borrowing of funds to finance various projects in the university to be very expensive. He went on to explained that the University has responded to these financial challenges by exploring other ways of generating funds through the introduction of parallel degree programmes, offering consultancy services at a fee, efficiency in the use of university resources such as back to back printing, sharing of printers in offices and ensuring that heating and lighting is regulated to save on the energy costs.

On how the University of Nairobi has been affected by competition, the interviewees intimated that the university has been affected by competition to a very great extent due to the award of university charter to small universities who are now offering degree prorammes. The entry of these small universities into the market has reduced the market

share for UoN. On the other hand, the interviewees indicated that competition has enhanced service delivery at the university through strategic alliances, collaborations and linkages with other established universities locally and internationally. Competition has also led to innovations and diversification where the university through extensive research has been able to come up with new courses that are also unique in the market. The academic registrar had this to say "this is the only university in this region that offers competitive courses; school of medicine and school of business have introduced very competitive courses that are not offered in any other universities around this region like Msc. clinical cytology, Msc. Human Resource among others.

The interviewees pointed out that advances in technological environment have presented challenges and opportunities for University of Nairobi. The implementation of ERP system has required all the staff to be trained in its use and application. From the interview it was established that the issue of ICT has encountered resistance to change; use of papers is still rampant in some department which is a source of inefficiencies and high operating costs. Investment in ICT demand a lot of resources and the University of Nairobi has to continuously invest, develop, maintain and sustain the human resource competencies and this is manifested in the state of art technology infrastructure.

The study found that the government is responsible for quality assurance, promotion mechanisms, and accreditation of public universities in Kenya. Despite reported involvement and participation of all stakeholders in the strategic planning process, it was evident that government and its regulators present major hindrances to effective

implementation. Due to administrative and legal controls by the ministry of Higher education Science and technology, various government policies circulars and regulations the University has to adhere to these controls which in most cases are not adding much value the management of public universities. The government regulates the amount of fees payable by regular students in all public universities. The finance officer stated categorically that this has affected service delivery because the fee raised is not enough to meet the cost of maintaining the students in the university.

4.3 Strategic Responses adopted by the University of Nairobi to changes in the External Environment

From the research findings, it was established that the University of Nairobi has adopted various strategic responses to deal with changes in the external environment. The study found that the university had invested heavily in the information technology, the director of ICT pointed out that the University of Nairobi through the ICT department had acquired softwares (sage ACCPAC and SMIS) that are being used to fast track processing of various documents in the university, offer online registration of courses, online clearance of students for graduation and online receipting of fees paid by students by downloading the banking details and uploading the same into the SMIS. He explained that this strategy will ensure an enabling environment for both the students and staffs in terms of efficiency, effectiveness, accuracy and timely service delivery. The Students Management Information System (SMIS) allows students to check their fees payable, generate invoice for the semester, view fees paid, register courses, access the class timetable, and other learning materials.

The study also found out that the university was pursuing expansion strategy by introducing new products in the markets and exploring new markets. The director BPS explained "to meet the current market needs, the university of Nairobi has successfully launched new programmes in line with vision 2030", this programmes include Master of Science in Entrepreneurship, Master of Science in Marketing, Master of Science in human resource management, Master of Arts in Human Rights, Master of Science in Leather Science, Master of Science in Finance, Master of Arts in Environmental Law, Master of arts in Environmental policy, PhD in Environmental Policy. These new programmes are tailored to the serve the market needs in social science and in the business world. In addition to introducing new products, the university has opened branches in major towns in Kenya including Mombasa, Kisumu, Nakuru, and Kakamega and is contemplating moving to Eldoret and Kitale among others. This strategy is used to increase the market share and also to take the products near to the customers.

The study indicated that the university has managed to consistently market itself locally and globally through the use of the local media, an up to date university website, education fairs, open door policy encouraging enrollment of foreign students, university open days where all the units and departments of the university show case their products and services. The university has over the years developed a calendar of its marketing activities each year through education fairs and open days. However data findings indicated that the greatest marketing strategy used by the university was goodwill and its corporate image.

The study revealed that the University of Nairobi had invested heavily in the customer care service. From our discussions, the public relations officer said "improving relationship with our customers is vital for the growth and image of the university". The university has put suggestion boxes in strategic locations in all campuses with detailed questionnaires for our customers to fill and provide an honest answer depending on their level of satisfaction and on what they would like the university to improve on service delivery. All the complaints and complements are analyzed; the university has set targets within which complaints should be reviewed and the relevant feedback given to the complaints. This is evidenced by ISO 9001-2000 certification of the university by KEBS for achieving high quality standards through quality and timely service to all stakeholders and ensuring continual improvement.

The study also revealed that the University of Nairobi has entered into strategic alliances with various universities both locally and internationally, the director BPS hinted that the university had partnered and signed various memorandum of understanding with various foreign universities like university of Washington, Leeds University, Colorado University and Umutara University to offer post graduate exchange programmes. These strategic alliances ensure that students from both institutions get exposed, interact and exchange ideas in various fields to improve their performance and also the overall ranking of the University of Nairobi. The director CIPL revealed that the University of Nairobi is increasingly forging links with other universities and the corporate world in general. Through these linkages, they can provide an education system that is relevant to the productive economy by conducting joint research programmes with research institutions

like KAVI, KEMRI, KARI, KEFRI and many other research institutions. Respondents indicated that through such linkages and collaborations the University of Nairobi has been able to attract many donors who are willing to partner with the university and to fund various research projects in the university.

The study conducted show the University of Nairobi as the leading university in the country because of voluminous publications and articles at the board of post graduate studies offices. The registrar at the board of postgraduate said "according to the web metric rankings released recently, the University of Nairobi was ranked number one in Kenya and number seventeen in Africa, this is due to the number of research work done and published on the university website". From the intense discussions with the registrar I noted that the university of Nairobi has the largest number of professors and doctors and the largest number of students who graduate both postgraduate and undergraduates students every year. The university has managed to establish a corporate name locally and internationally by producing quality and holistic graduates. University of Nairobi has graduated over 80,000 graduates since inception most of them are holding key positions both in the public and private sector.

As part of its corporate social responsibility, the University of Nairobi has strived to tailor its services to meet the specific needs of the community it serves in an effort to increase local residence support to the university of Nairobi initiatives. From the study it was established that the university has been running a community based environmental programs that focuses on environmental cleaning activities, tree planting and land

scaping at central police station, offering scholarships to bright needy students. These activities have helped to create good relationship between the university and the community. The study also established that the university through college of health sciences has established a centre for HIV/AIDS to offer canceling and other health related matters to staff and students.

To address the challenge of reduced funding from the exchequer, the finance officer pointed out that the university has over the years ensured it operates within its budget. He stated that there is need for the university to come up with ways of generating resources to supplement the limited capitation from the government. He pointed out that the university management has put more emphasis on parallel degree programmes and consultancy services because that is the only way by which the university can be able to raise additional resources to meet the budget deficit.

The dean, college of education and external studies said "our college is offering courses throughout the country and we have established extra mural centers in all counties in Kenya". He indicated that the college was in the process of opening more extramural centers in East Africa due to large number of students who are conducting their studies at UoN from countries like Tanzania, Uganda and Rwanda. The college has also launched distance and open learning courses through the extra mural centers to reach many aspiring students who cannot get time to attend classes for various varied reasons.

The interviewees stated that the university had responded to the problem of limited capacity by constructing a modern examination Centre at Chiromo campus where a large number of students can sit and conduct their examinations and a modern library at kikuyu campus. Respondents also indicated that the university had vast land where it could build modern teaching facilities and hostels. Others indicated that the university has large parcels of lands that were not fully utilized in campuses outside Nairobi like Parklands, Lower Kabete and Upper Kabete and Kikuyu campuses.

The administration registrar noted "the University of Nairobi has taken necessary steps of attracting and retaining qualified and competent staff by providing them with unique benefits and good terms of service which include giving patent rights to their research work, offering study leaves, sponsoring lecturers a broad to further their studies, offering them unlimited medical cover". He also indicated that the university should emphasize strict adherence to the service charter and have a strong and robust feedback system for all stakeholders to ensure continued customer loyalty. The research findings have shown that the University of Nairobi has been able to manage its Strategic issues like managing the university resources efficiently and effectively. This is evidenced by ISO 9001-2000 certification of UoN by KEBS for achieving high quality standards through quality performance and service delivery to the customers. The study also revealed that the University of Nairobi was ranked the first in performance contracting among the public corporations in Kenya and this have made the University of Nairobi to be very attractive among other universities in his region.

4.4 Discussion

The study reveals some direct relationship between the research findings and the underlying theories with respect to some of the challenges facing the University of Nairobi and the way in which the university has responded to changes in the external environment. Ansoff (1990) explains the need for companies to assess their internal capabilities to establish if they are having a strategic alignment problem while responding to the turbulence within the environment in which they operate. The study revealed that the University of Nairobi operate as an open system, it therefore rely and is affected by the external environment. The university must align to the changes in the external environment for it to survive. This survival mechanism is what this study is all about. The University of Nairobi has responded to changes in the external environment by investing substantial resources in the modern technology and innovations, partnering and linkages with other universities, improving customer relations and expansion by moving into new markets and also introducing new products in the market.

Teece et al. (1997) in their theory of dynamic capabilities explained the need for managers to pursue a particular set of actions in growing their business in terms of the availability of resources commonly known as resource base view model. The theory states that response strategies that an organization can adopt are influenced by the availability of resources and other company's capabilities. The University of Nairobi must utilize the available resources and capabilities efficiently to strategically respond to changes in the external environment.

The findings are also supported by Ansoff and McDonnell (1990) who indicated that effective strategic responses may enable a business to influence the environment in its favour and even defend it against competition. Hamel and Prahalad (1994) also adds that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Competition was mentioned in this study as one of the factor which made the University of Nairobi to benchmark with the best in the world. The theory explains the strategy of venturing into new markets, new products, and acquisition of some industry players and forming strategic alliances in a bid to widen a company's product range thereby making up for lost business within the existing market as well as increasing its competitive position. This relates to the findings of the study where the University of Nairobi has ventured into new markets in major cities and it has introduced variety of new courses that are market driven. Also the university has partnered with major universities in Africa, Europe and America in a bid to improve the quality of education and also to benchmark with established universities in the world.

The study also established that the University of Nairobi used information gathered in the monitoring exercise to devise their strategies and strategic responses. This results concurs with what Porter (2005) had depicted. Porter (2005) indicated that the environment is complex and ever changing and it will continue to change rapidly, radically and unpredictably. Therefore managers have to keep reviewing their strategy to match the environmental demand. In order to enhance preparedness in handling surprising events, organizations need to augment the timeliness of managerial response to the surprising changes. Strategic actions are influenced by the environmental factors.

In comparison with similar empirical studies, Njogu (2007) in her study on strategic response by Schindler Kenya Limited to changes in the environment revealed that increased competition from new entrants was a major challenge for the company. This is similar to the increased competition for the University of Nairobi due to large number of public universities awarded charter by the government. Both the university of Nairobi and Schindler have responded by undertaking a survey to establish the levels of satisfaction among their clients in a bid to improve on service delivery to avoid loss of the clients to potential competitors.

Another study by Makori's (2008) also compares well with this study since he studied the measures taken by universities in Kenya aimed at reinventing, re-engineering, and providing innovative information products and services to support learning and research activities or aspirations of their institutions. Makori (2008) indicated that being more research focused, collaboration with other higher education institutions, collaboration with corporate entities and Non-Governmental organisations (NGOs) were major ways universities were utilizing to ensure that they remained relevant in the bigger environment they served. The University of Nairobi on the other hand had embarked on research, consultancy, innovation and technology transfer through developing and implementing appropriate research programmes and promoting relevant consultancy services.

The study findings also agree with the findings from a baseline survey by UNESCO World Conference on Higher Education (2009) which indicated that low funding from the exchequer, increased enrolment demand, limited access compared to the population level, increased enrolment without commensurate improvement in available facilities, gender inequality, and a low research capacity, are some of the problems facing public universities in the region. The study findings confirms that companies willing to grow should put emphasis on investing in modern technology, innovations, customer care service and venture into new markets and deal with products that are market driven and satisfy the needs of customers. In the study these factors proved to be the pillar for the success of the University of Nairobi.

CHAPTER FIVE: SUMMARY, RECOMMENDATION AND CONCLUSION

5.1 Introduction

The study was undertaken with the objective of determining the strategies adopted by the University of Nairobi to changes in the external environment. This chapter summarizes the research findings, conclusion, recommendation for policy and practice, limitations of the study and suggestions for further study.

5.2 Summary

From the findings of this study, it is evident that the University of Nairobi has long term goals stipulated in the strategic plans which are reviewed on regular basis. The strategies are formulated by top management and consultants and implementation is carried out by all staff. The study shows that the University of Nairobi faces many challenges caused by changes in the external environment. These challenges include increased competition from other universities, reduction in capitation from the exchequer, demand for quality university education, government policies and regulation of higher education in the country like requirement for double intake hence increase in students population and regulation of fee payable by regular students, these has led to frequent misunderstanding between university management and students.

Interviewees revealed that the University of Nairobi is increasingly forging collaborations and linkages with other universities and the corporate world in general. Through these

linkages and collaborations the University of Nairobi is able to provide education that is relevant to the productive economy by identifying common goals and objectives with other research institutions. Linkages with the social and corporate world should are also be encouraged in order to conduct joint research projects in areas of common interest. The findings of the study indicated that University of Nairobi has adopted various strategies to respond to changes in the external environment as they are spelt in the university strategic plan. These strategies includes efficient and effective management of the university resources, producing quality and holistic graduates, contributing to scientific , technological, innovations and enhancement of the competitiveness of the university.

5.3 Conclusion

The study conducted concludes that the University of Nairobi has been able to respond effectively to changes in the external environment despite the challenges in the political-legal, economic, social-cultural and technological environment. The study further sought to establish whether the applied strategic responses had been helpful in assisting the University of Nairobi cope with challenges in the external environment. Strategic responses are aimed at strengthening the position of the university in taking opportunities and/or dealing with threats in the environment. Effectiveness of the applied strategic responses is critical if the organization needs to position itself well in the market. Most of the respondents were of the view that the strategies adapted by the University of Nairobi are effective despite the dynamism and complexity of the external environment.

The respondents mentioned various challenges from the external environment which includes increased competition from local and international institutions of higher learning, escalating cost of education, lack of integration between curriculum and industry demands, low ICT integration, high cost of ICT facilities, poaching of staff by other institutions, high rate of poverty in the country, student unrest, increased pressure by the government to admit more regular students and inadequate budgetary allocation.

Strategic responses put in place to cope with these challenges included top management at the university of Nairobi lead in providing leadership and direction required in formulating strategic responses, fine tuning strategic plan of the university to fit to environmental changes, ensuring a strategic fit between the strategies and the environment, promoting research, consultancy, innovation and technology transfer through developing and implementing appropriate research programmes and promoting relevant consultancy services, collaborating/partnering and forging strategic alliances with other universities both locally and internationally, market expansion and diversification. Other responses included introduction of parallel degree programmes and starting weekend classes to take care of working class., safeguarding, upgrading and fully exploiting university assets. The study therefore supports the theories depicted in empirical studies that organizations have to be flexible and respond quickly to keep abreast with the changes; else they find it harder to survive. Any level of change or turbulence in the environment calls for a response which is strategic for both survival and growth.

5.4 Recommendation

It is recommended that policy makers at the university invest more in the analysis of the various strategic business areas within the university's environment to enable the university establish which areas it will do business in the future. The analysis will also include the establishment of the university's competitive position in each strategic business area and also what it has to do to gain the competitive position. The University of Nairobi needs to admit the fact that competition in the education sector is very high and it could be losing its market share to some of its competitors and hence the need to establish new markets now and in the future.

It is also recommended that the university management should involve staff in a wider perspective in the strategy making process. This is because each individual may possess a distinct advantage for example on the competitive position of University of Nairobi within the education industry that they may have worked for in the past and such information can be used to fight off potential competition or even in penetrating market segments that were in the past perceived difficult to enter.

5.5 Implication on Policy, Theory and Practice

Following the findings from this study, the following implications are expected. First, university of Nairobi will use the findings from the study to develop strong linkages and partnerships that enhance mutual learning, research and innovation. Strong linkages and partnerships will enhance dissemination and utilization of research findings and innovations emanating from the universities. Strong linkages and partnerships will also enable University

of Nairobi to access resources available globally. Further, linkages and partnerships provide platforms for consensus regarding policies on strategic areas of the economy and encourage pooling of human, physical and financial resources. The study was of great help to policy makers in the education sector in formulating policies that guided in planning, implementation, monitoring and evaluation of academic programmes to respond to changes in the local and international education markets. The findings were also found to be of importance to government of Kenya in its policy and regulatory framework to the higher education sector. The interviewee argued that the government of Kenya should liberalize the higher education to allow for competitive recruitment of university management boards and to allow public universities to manage their day to day activities with minimum interference.

The researcher found out that the study support the existing theory of open systems where by organizations relies and is affected by the environment in which they operate. The University of Nairobi being is an open system has put in place various response strategies to adapt to changes in the external environment. From the research findings these responses includes expanding into new markets, product innovations and collaborations with other universities. The study also contribute to the general body of knowledge and form a basis for further research on ways of responding to changes in operations of the service industry for economic growth. Finally, the researcher established that the study to be very useful to managerial practices at the University of Nairobi. Managers at the university, who includes, directors of various schools, and chairpersons of various departments, registrars, and deans of various faculties were equipped with knowledge on assessment of the university performance, process reengineering in the University and to be informed of market trends and innovations.

5.6 Limitations of the Study

The findings of this research were limited due to some factors arising in the course of the study. The biggest challenge in conducting the study was due to the fact that most companies would like to keep their strategies confidential because they would use them to gain competitive advantage. Therefore, the respondents were not very willing to disclose their strategies in some cases or give details of how they have implemented their responses. These being a case study, the findings cannot be generalized to all public universities because each institution operate in different environment and therefore different strategies must be employed to respond to changes in the external environment. The method use to collect data also had same challenges because some respondents find it tedious and waste of time sitting with the researcher answering questions with a lot of probing as compared to other methods like questionnaire which has only "yes or no" answers.

The other challenge was on accessing the senior managers of the university because at the time of this study most of them were attending various meeting on performance contract and others were out of the country on official duties. Therefore, in some cases the study relied on data from middle level managers, which may have limited the research findings. Lastly, this study focused on management only while the university's stakeholders are many. The findings of this study are therefore limited to the views from management.

5.7 Suggestions for Further Research

This research was only conducted on the university of Nairobi further research should be conducted to include study on other universities offering higher education in Kenya to establish how each has responded to changes in the external environment. This study will be compared to establish whether the findings will be in agreement with the current study.

It is very clear from the findings that major strategies adopted by the University of Nairobi are the use of modern technology to improve on service delivery to the customers and ensure that the university remains competitive and to help lock out other players especially from its main client market segment. A survey should be carried out on the university's stakeholders to establish their view on the university's efficiency in service delivery and what they think are the university's major challenges and how the University of Nairobi has responded to these challenges.

Lastly, the environment is dynamic and keeps changing overtime. With these changes, the strategic responses were expected to change. Therefore, further studies could be carried out on UoN to identify how the company would alter its strategies to other changes in the environment in future and also to found out whether these response strategies affect the performance of the university.

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APPENDICES

Appendix I: Introduction Letter

<div align="center">

MORRIS MUGATA EVUSAH

P.O BOX 30197-00100,

NAIROBI.

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Dear respondent,

RE: INTRODUCTION LETTER.

I am a postgraduate student pursuing a Master of Business Administration (MBA) degree at the University of Nairobi, School of Business. As part of the requirement for the award of the degree, I am expected to carry out and submit a research project. I am conducting a study on strategies response adopted by the University of Nairobi to changes in the external environment.

This research will benefit the University since it will guide the management at the university on how to handle challenges posed by the external environment and also an input in the preparation of the university strategic plan-formulation, implementation and reviewing of strategies for the university to retain its competence in academic sector.

In this respect, I kindly request you to provide objective answers to the following questions that will be vital information for this study. The information provided will be kept confidential and it will only be used for the intended purpose of the study.

Thanking you in advance.

Yours faithfully,

Morris M. Evusah

Appendix II: Interview Guide

This interview guide is designed to collect data that will guide the University of Nairobi on strategic response to changes in the external environment. The information provided will be treated with confidence and only be used for academic purpose.

PART A: GENERAL INFORMATION:

1. What is the name of your College/School/Department?

2. What is your current position in the university?

3. How long have you been working in the University of Nairobi?

4. What role do you play in the drafting and implementation of strategic plan at the University of Nairobi?

5. How often are strategies formulated and reviewed by the University of Nairobi?

PART B: CHALLENGES IN EXTERNAL ENVIRONMENT.

1. How has the following variables in the external environment affected the operations at the University of Nairobi?

   a. Economic factors like government funding, lending rates

   b. Political and Legal factors like government controls, policies laws and regulations

   c. Technological factors; systems automation, e-learning, e-registration etc

   d. Social- cultural issues; changes in mode of study

   e. Competition from other universities offering similar courses, proximity to customers, affordable rates.

2. Who are the main competitors of the University of Nairobi?

3. How does the University measure its performance in comparison to other competitors?

4. What challenges is the University of Nairobi facing in implementing these strategies?

PART C: RESPONSES STRATEGIES

1. How does the University of Nairobi respond to changes in economic environment?

2. How does the University of Nairobi respond to changes in technological environment?

3. How change in political systems, government policies, laws and regulations of university education affected the operations of the University?

4. What measures has the University of Nairobi put in place in response to challenges posed by the other competitors?

5. Has the University of Nairobi been able to expand its market share by moving into new markets (local or global) or by introducing new products?

6. Has the university entered into any strategic alliances with other institutions either locally or internationally?

7. Has the university introduced any unique products in the markets for the last three years?

8. Do you think the university has adequate resources and capabilities to achieve its strategic objectives?

9. Do you think the various response strategies adopted by UoN are effective? If yes how?

THANK YOU FOR YOUR TIME