

**STRATEGIES ADOPTED BY MID-LEVEL COLLEGES IN KENYA
TO COPE WITH CHALLENGES OF GLOBALIZATION: A CASE
STUDY OF KENYA INSTITUTE OF MANAGEMENT**

BY


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DECLARATION

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

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DEDICATION

To my Parents Stephen, Margaret and all those who have inspired me academically.

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ABSTRACT

Globalization effects are spreading all over the world with increased speed and organizations must align themselves accordingly or be faced out of business. Mid-level colleges are not an exception in this and they will have to adopt new ways of doing things in order to remain relevant and competitive (Ansoff and McDonnell, 1990). This brings about the relevance of development of a game plan which must be acted on to enable them move to the next level. However, the evidence of globalization can be seen everywhere: in the homes, in the workplace, learning institutions, in the retail stores, in business, in the newspapers and business journals, in the flow of monthly government statistics, and in academic literature. The education sector has registered rapid growth with the increase of mid level colleges and institutions of higher learning. The objectives of this study were to identify the challenges of globalization and the strategies adopted by the Kenya Institute of Management to cope with globalization.

In order to achieve this objective, the researcher reviewed literature in the corporate social responsibility field with a bias to the firm benefits to the organization. An interview guide used to collect the primary data. Data was collected and analysed using content analysis was used to analyse it. This is a systematic qualitative description of the composition of objectives or material of study. The qualitative method can be used to uncover and understand what lies behind a phenomenon under study. After the completion of data collection, the interview guides will be checked for accuracy, consistency with the facts gathered, and uniformity entered. The data was then edited where it was necessary in order to facilitate qualitative data analysis.

The findings of the study were consistent with the theories discussed in the literature review. From the findings, it is clear that globalization is not only a local phenomenon nor a regional one, but a continental issue that has radically changed the way we do business in our organization. Radical changes have occurred in the way we do business with respect to the strategy formulation. From the findings of the study, it is clear that globalization has on various occasions forced managers to adjust their strategic intentions, in order to maintain a share of the market, protect its interest in certain areas as well as ensure that they are on the right path of growth.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The challenges in the business environment calls for organizations to develop a roadmap in order to steer in the right direction amid the environmental turbulence and challenges of globalization. This makes it necessary for an organization to devise an appropriate strategy to enable it create a “fit”. The business environment is becoming increasingly competitive and hence there is the need to ensure that they put in place mechanisms to enable them compete not only at the national level but also at the international level. Globalization involves the diffusion of ideas, practices and technologies. It is something more than internationalization and universalization. Giddens (1990), described globalization as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. This involves a change in the way we understand geography and experience localness, as well as offering opportunity it brings with considerable risks linked, for example, to technological change.

Globalization effects are spreading all over the world with increased speed and organizations must align themselves accordingly or be faced out of business. Small and Medium Enterprises are not an exception in this and they will have to adopt new ways of doing things in order to remain relevant and competitive (Ansoff and McDonnell, 1990). This brings about the relevance of development of a game plan of action to enable them move to the next level.

1.1.1 Concept of Strategy

The formulation of a sound strategy facilitates a number of actions and desired results that would otherwise be difficult. Various authors give different definitions as to what

strategy is, but there is no universally accepted definition. Scholes and Whittington (2008) define strategy as the direction and scope of an organization over the long-term which achieves advantage in a changing environment through its configuration of resources and competence with the aim of fulfil stakeholder expectations. Mintzberg (1987) viewed strategy as a plan, ploy pattern, a position and perspective. As a plan, strategy specifies consciously intended course of action of the firm. As a ploy, strategy is seen as a manoeuvre intended to outwit competitors. As a pattern, strategy is seen as a pattern emerging in a stream of actions. As a position, strategy is seen as a means of locating an organization in its environment. As a perspective, strategy consists of a position and an ingrained way of perceiving the world.

Irrespective of the positions taken by various authors, a strategy a commitment to undertake one set of actions in order to attain certain specified goals. Strategies are universally applicable to all types of organizations irrespective of size, nature of business or operating environment. In drawing the strategies, organizations should consider their present situation, where the organization needs to go, how should it get there and what's its present situation. The crafting of strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance (Ansoff and McDonnell, 1990). The heart and soul for any strategy are the moves in the marketplace that manager's are taking to improve the company's financial performance, strengthen its long-term competitive position and gain a competitive edge over rivals. The formulation of strategy forces organizations to examine the prospect of change in the foreseeable future and to prepare for change rather than to wait passively until market forces compel it.

Strategic formulation allows the firm to plan its capital budgeting. Companies have limited funds to invest and must allocate capital funds where they will be most effective and derive the highest returns on their investments. On the other hand, a firm without a clear strategic plan gives its decision makers no direction other than the maintenance of the status quo (Saskia, 2006). The firm becomes purely reactive to external pressures and less effective at dealing with change. In highly competitive markets, a firm without a

coherent strategy is likely to be outmaneuvered by its rivals and face declining market share or even declining sales.

1.1.2 Concept of Globalization

The historical origins of globalization are the subject of on-going debate and various authors hold different views. Some scholars are of the opinion that globalization is as old as human civilization while others say that globalization properly began in the late fifteenth century when one particular society consisting of the nations of northern Europe began to impose its ways onto the rest of the world through exploration, trade and conquest. However, the evidence of globalization can be seen everywhere: in the homes, in the workplace, in the retail stores, in business, in the newspapers and business journals, in the flow of monthly government statistics, and in academic literature.

According to Thompson, Strickland and Gamble (2008), increased globalization has been identified as one of the forces driving industries. The greatest beneficiaries of globalization are the long-suffering consumers from nations that had been "protected" from global competition. Globalization expands the range of choice, improves product quality, and exerts downward pressure on prices. It delivers an immediate gain to workers by raising the real value of their wages (Saskia, 2006). It also transfers wealth from formerly protected producers to newly liberated consumers, with the gains to consumers exceeding the loss to producers because the deadweight losses to the economy are recaptured through efficiency gains. Friedman (2008), has examined the impact of the "flattening" of the world, and argues that globalized trade, outsourcing, supply-chaining, and political forces have changed the world permanently, for both better and worse. He also argues that the pace of globalization is quickening and will continue to have a growing impact on business organization and practice.

With increased globalization of many industries, there has been a move away from international decisions or subsidiaries to what has become a global product or integral structure. Competition has already begun to shift from being primarily a regional or national focus to an international focus or global focus. Industry members are now

seeking out customers in foreign markets and production activities are already migrating to countries where costs are lowest like China and India. However, Johnson, Scholes and Whittington (2008) recommend that given the complexity of internationalization, international strategy should be underpinned by a careful diagnosis of the strength and direction of trends in a particular market.

Mid-level colleges face unique challenges which affect their profitability, growth and stability, thereby limiting their contribution to economic development. Coupled by the effects of globalization, their operations have been strongly hampered and it is becoming increasingly difficult for them to survive. However, since globalization is unstoppable, they have to become innovative in the way they do their activities to increase their chances of survival and eventual growth into large enterprises. Mid-level colleges in Kenya have in a large way felt the effects of globalization by not only having to compete with local large organizations, but also international organizations. Mid-level colleges have been forced to work extra hard and lower their profit margins in order to retain or reclaim their shelf space in the retail stores or secure clients in the service sector (Central Bureau of Statistics, 1999).

1.1.3 Kenya Institute of Management

The Kenya Institute of Management (KIM) is a professional membership-based, management development organization set up in 1954 to enhance excellence and integrity in management practice in Kenya and beyond. To achieve its objective of enhancing excellence and integrity in management, it has undertaken to offer management training in various fields through professional certificates and Diplomas. The programs are in ten management areas which are; business management, human resource management, purchasing and supplies management, marketing management, project management, management of NGO's, management of local authorities, public relations management, health care management, total quality management and enterprise development. The vision of the institution is to become a dynamic and internationally

acclaimed centre of excellence for the development and dissemination of innovative ideas on the theory and practice of professional management.

The national structure of the institute transcends across 22 branches in Kenya located in Nakuru, Nanyuki, Chuka, Kapsabet, Kabarnet, Kericho, Kakamega, Kisumu, Eldama Ravine, Machakos, Eldoret, Kisii, Nyeri, Thika, Embu, Machakos, Mombasa, Nyahururu, Naivasha, Narok, Meru and Rwanda. The institute believes that Professional Management practices are necessary for economic and social development of a country and for the improvement of a people's welfare. To practice professional management, managers of public and private resources require proper education and training in management. They will also need a forum where they can interact with others and exchange their views and share experiences. Above all, they need to familiarize themselves with professional management standards and ethics and demonstrate integrity in their work. For these reasons, they need a professional membership-based organization that brings them together in pursuit of these convictions. The institute has achieved great growth by expansion into the various regions within the national boundaries and also within the region. However, competition has been intense and there has been a great need to offer better services and in innovative ways (KIM, 2011).

1.2 Research Problem

Globalization of competition really starts to get hold when one or more ambitious companies precipitate a value for worldwide market leadership by launching initiatives to expand into more and more country markets. Globalization can also be precipitated by the blossoming of consumer demand, where national organizations find themselves competing with international organizations at the national level. The forces of globalization are sometimes such a strong driver that companies find it highly advantageous, if not necessary, to spread their operating reach into more and more country markets (Osterhammel and Niels, 2005). Globalization is very much a driver of industry change in such as the educational sector through the various academic programs

offered. Various educational institutions have developed various strategies to take the huge opportunities that are opening up as a result of globalization. Some of the strategies include development of partnerships, offering of international programs through collaborations, expansion to new markets and broadening of the academic programs.

The education sector has been growing rapidly with the increase of mid level colleges and institutions of higher learning. There has been increased competition both locally and internationally. Most of the colleges fall under the category of small and medium enterprises and the level of competition mainly stems from larger institutions. In order to remain competitive, the mid level colleges have developed strategies that enable them to remain relevant, offer competitive programs and at the same time offer high quality education. Some of the activities they have engaged in are development of academic programs that are unique and also having them validated and recognized by the government. Other activities include development of programs in collaboration with the universities and international institutions. However, it has been an uphill task for most of them since they have been operating in a local level or national level, and as a result of globalization, they have suddenly found themselves experiencing regional and international competition in their operating levels.

The mid level colleges that have been applying various strategies in order to cope with the challenges brought about by globalization. However, the strategies developed have not proven as best practices in the operations. Previous studies carried out in the small and medium enterprise sector by Omondi (2009), Maina, (2009), Ngui (2007) and Awino (2007) were on the areas of performance, development of strategies, relationship management and strategic responses but none has looked at the strategies they have adopted to contend with globalization in the higher education Sector. This study therefore seeks to answer the following questions; what are the challenges faced by Kenya Institute of Management in coping with globalization? What are the strategies that the Kenya Institute of Management has adopted to cope with the challenges of globalization?

1.3 Research Objectives

- i. To establish the challenges faced by Kenya Institute of Management to cope with globalization.
- ii. To determine the strategies adopted by the Kenya Institute of Management to cope with the challenges of globalization

1.4 Value of the Study

The results of this study may be beneficial to various groups of people in various ways:-

This study will be important to government agencies who are the formulators of policies, and in improving the area of service delivery and business operating environment by pointing out areas of difficulty in allocating resources towards addressing priority needs. The findings of the study will help government formulate a policy on the regulatory process in the economy in the areas that require attention in regards to globalization, to ensure orderly economic growth and development.

The results of this study will also be important to the mid-level colleges and to some extent also to the universities in enabling them determine the appropriate strategies to adopt in dealing with the challenges of globalization. It will also provide insights about the existing challenges in reference to globalization within the education sector.

Other beneficiaries of this research study are future scholars. The Research findings from this study will make contributions to the available information regarding the strategies mid-level colleges are adopting to cope with the challenge of globalization. This will provide required information to future scholars as they carry out further studies. The study provides a platform for further research in the area of globalization effects and particularly how they affect other sectors of the economy, or ways of doing business.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The main purpose of this chapter is to understand what other contributions writers have on the subject matter of the factors affecting procurement in retail organizations. This chapter will help to appreciate what other writers; both local and international have written about the field of study and assess what possibly needs to be researched further. Most importantly try and fill in the blanks the other researchers haven't filled. The chapter concludes by critically analyzing the researcher's reasons for carrying out the research and a summary of findings.

2.1 The Concept of Strategy

According to Thompson Strickler and gamble (2008), a company's strategy consist of the competitive moves and business approaches that managers employ to grow the business, attract and please customers, compete successfully, conduct operations achieve the targeted levels of organizational performance. This precisely means that among the many different business approaches and ways of competing, an organization chooses to employ a particular combination of competitive and operational approaches in moving the company in the intended direction, strengthening its market position and competitiveness and boosting performance. Porter (1980) states that due to the fact that environment is constantly changing, it is imperative that an organization has to constantly adopt its activities to reflect to the new economic requirements. As past experience cannot be used to accurately predict what to expect in the future, companies which would like to survive must adopt to the change. Johnson and Scholes (1999) shows that changes in the environment give rise to opportunities for the organization but also exert threats on it.

A few of the traditional views include, strategy as a coherent and unifying pattern for decision making, a blue print of the whole organization defining an explicit roadmap for the future. Strategy is also viewed as a means of defining purpose in terms of long range objectives, action programs and priorities for resource allocation, aligning short term action and resource deployment defining a firm. Johnson and Scholes (1997), explains that, strategy is the direction and scope of an organization over the long-term through its configuration of resource, within a challenging environment, to meet the needs of the market and to fulfil stakeholders exceptions.

Mintzberg (1987) viewed strategy as a plan, ploy pattern, a position and perspective. As a plan, strategy specifies consciously intended course of action of the firm. As a ploy, strategy is seen as a manoeuvre intended to outwit competitors. As a pattern, strategy is seen as a pattern emerging in a stream of actions. As a position, strategy is seen as a means of locating an organization in its environment. As a perspective, strategy consists of a position and an ingrained way of perceiving the world. According to Pearce, Robinson and Mital (2010), globalization refer to the strategy of approaching world wide world wide markets with a standardized product over high-priced, customized products and by global corporations that use worldwide operations to compete in local markets.

A clear and reasoned strategy is a management's prescription for doing business, its roadmap to competitive advantage, its game-plan for pleasing customers and improving financial performance. Winning the marketplace requires a well conceived, opportunistic strategy, usually one characterised by strategic offensives to out-innovate and out-manoevre rivals and secure sustainable competitive advantage, then using this market edge to achieve superior financial performance. Thompson and Strickland (2003), consider the essence of good strategy making as that of building a market position strong enough and organizations capable enough to produce successful performance despite unforeseen events, potential competition, and internal difficulties.

Yip (1992), emphasizes that industries can be global in some respect and not in others. He affirms that a global strategy will be global in many respects but may also include features that are local oriented. To achieve the benefits of globalization, he advices, the

managers of a world wide business need to recognize when the industry conditions provide the opportunity to use global strategy levers and respond accordingly. From his study, he identified four drivers which determine the nature and extent of globalization in an industry, these are market drivers which determine the nature and extent of globalization in an industry, these are; market drivers, cost drivers, government drivers and competitive drivers.

Pearce and Robinson (2002) states that, a powerful strategy that delivers a home run in the marketplace can propel a firm from a trailing position into a leading one clearing the way for its products or services to become the industry standard. High-achieving enterprises are nearly always the product of codified, creative, proactive strategy making that sets a company apart from its rivals. Companies do not get to the top of the industry rankings or stay there with imitative strategies or strategies built around timid actions to try to do better.

A strategy focused enterprise is more likely to be a strong bottom-line performer than a company whose management views strategy as secondary and puts its priority elsewhere. A company that lacks clear cut direction has vague or undemanding performance targets, has a muddled or flawed strategy, or cant seem to execute its strategy competently is a company whose financial performance is probably suffering, whose business is at long-term risk, and whose management is sorely lacking (Johnson, Scholes, and Whittington, 2008).

There is no single definition of strategy. What emerges however is that strategy has to do with how a firm relates to its environment. This has to take into account the internal capabilities of the firm in relation to external opportunities and threats. As an organization's environment changes it is necessary that the firm continuously adapt it's activities and internal configurations to reflect the new external situation. Failure to do this endangers the future success of the organization.

2.2 Globalization and its Challenges

Globalization refers to the strategy of approaching worldwide markets with standardized products. Such markets are commonly created by end consumers that prefer lower priced, standardized products over highly priced, customized products and by global corporations that use their worldwide operations to compete in local markets (Hirst & Thompson, 2002). Global corporations headquartered in one country with subsidiaries in other countries experience difficulties that are understandably associated with operating in several distinctly different competitive arenas.

Awareness of strategic opportunities faced by the global corporations and of the threats posed to them is important to planners in every industry or sector. Understanding of the myriad and sometimes subtle nuances of competing in global corporations is rapidly becoming a required competence of strategic managers. Because the growth in number of global firms continues to overshadow other changes in the competitive environment, this section will focus on the nature, outlook, and operations of global corporations (Jeffrey S. & Andrew W, 1995).

The past fifty years have seen a dramatic lowering of barriers to cross-boarder trade and investment. Similarly, in nation after nation, regulation prohibiting foreign companies entering the domestic markets and establishing production facilities, or acquiring domestic companies, have been removed (King and McGrath, 2002). As a result of these two developments, there has been a surge in both the volume of international trade and the value of foreign direct investment. Between 1950 and 2000, the volume of international trade increased more than twenty fold, while the inflation-adjusted value of world gross domestic product (GDP) increased a little over six fold. This trend has led to globalization of production and the globalization of markets.

The globalization of production has been increasing as companies take advantage of lower barriers to cross-boarder and investment to disperse important parts of their production process around the globe. Doing so enables them to take advantage of the national differences in the cost and quality factors of production such as labour, energy,

land and capital, which allow them to lower their cost structures and boost profits. A company is also exposed to a wide pool of suppliers that are available internationally (Osterhammel and Niels, 2005). As for the globalization of markets, it has been argued that the world economic system is moving from one in which national markets are distinct entities, isolated from each other by trade barriers and barriers of distance, time and culture, toward a system in which national markets are merging into one huge global marketplace. Increasingly, customers around the world demand and use the same basic product offerings. Pearce, Robinson and Mital (2010), agree that management issues have become more complex as companies increasingly transcend national borders.

The trend towards the globalization of production and markets has several important implications for competition within an industry. First, industry boundaries do not stop at national borders. Because many industries are becoming global in scope, actual and potential competitors exist not only in a company's home market but also in other national markets. Managers who analyse only their home market can be caught unprepared by the entry of efficient foreign competitors. The globalization of markets and production implies that companies around the globe are finding their home markets under attack from foreign competitors.

Second, the shift from national to global market during the past twenty years has intensified competitive rivalry in industry after industry. National markets that once were consolidated oligopolies, dominated by three or four companies and subjected to relative little foreign competition, have been transformed into segments of fragmented global industries, where a large number of companies battle each other for market share in country after country. This rivalry has driven down profit rates and made it all the more critical for companies to maximize their efficiency, quality, customer responsiveness, and innovative ability.

Third, as competition intensifies, so has the rate of innovation. Companies strive to gain an advantage over their competitors by pioneering new products, processes, and ways of doing business. The result has been to compress product life cycles and

make it vital for companies to stay on the leading edge of technology. In regard to highly competitive global industries, where the rate of innovation is accelerating, the criticisms that porters five forces model is too static may be particularly relevant. Finally, although globalization has increased both the threat of entry and the intensity of rivalry within many formerly protected national markets, it has also created enormous opportunities for companies based in those markets. The steady decline in barriers to cross boarder trade has opened up many once protected markets to companies based outside then. Understanding the myriad and sometimes subtle nuances of competing in global markets or against global corporations is rapidly becoming a required competence of strategic managers (Thompson Strickler and gamble, 2008).

Critics of globalization warn of a destructive "race to the bottom," as advanced nations are forced to weaken labour and environmental standards to compete with less-regulated producers in developing nations (Stevenson and Onge, 2005). Some environmental activists complain that the global trading system, as embodied in the WTO, favours free trade at the expense of environmental protection. But WTO rules place no restraints on the ability of a member government to impose any environmental regulations determined to be necessary to protect its own environment from domestically produced or imported products. Article XX of the General Agreement on Tariffs and Trade 1994, the basic charter of the WTO, plainly states that members may impose trade restrictions "necessary to protect human, animal, or plant health." The Sanitary and Phytosanitary Agreement of the Uruguay Round does require that such restrictions be based on sound scientific evidence--a commonsense requirement necessary to discourage the use of health and safety issues as a cover for protectionism (United Nations, 1998).

Expanding trade is not merely compatible with high standards of environmental quality but can lead directly to their improvement. As a country sees its standard of living rise through economic liberalization and trade expansion, its industry can more readily afford to control emissions and its citizens have more to spend on the "luxury good" of improved environmental quality, above what they need for subsistence. And as economic growth creates a growing, better- educated middle class, the political demand for pollution abatement rises. Today the most restrictive environmental laws are maintained

in developed countries that are relatively open to trade. This liberalization of international trade and investment has been accompanied by ever-rising environmental standards.

2.3 Strategies to Cope with Globalization

The multiple dynamics of globalization—regionalism, inequality, financial flows, migration of labor and work, technological innovations, environmental sustainability, and cultural dynamics—form a turbulent and complex environment for managing business operations. While seven trends were highlighted to provide a brief sketch of interrelated complexities and controversies globalization, it also surfaced other significant issues. Global concerns revolve around terrorism, rapid transmission of pandemic diseases and viruses, the rise of China's and India's economies, an aging population in wealthier northern countries versus younger growing populations in the southern hemisphere, and advances in biotechnology are intricately embedded in globalization processes. In many situations, global developments make sense as a competitive weapon. Direct penetration of foreign markets can drain vital cash flows from a foreign competitor's domestic operations (Johnson and Scholes, 1999).

Globalization entails both opportunities and threats for creating and sustaining competitive strategies. Emerging economies offer resources in terms of labor, as well as expanding market opportunities. However, geopolitical relationships and backlashes from perceptions of cultural imperialism, such as the tensions between the United States and the European Union during the Iraq war create challenges for business operations. Global managers have a wide range of options to deal with globalization. Organizational strategies for international operations involve two related demands—the need for local orientation and the need for integration (as shown in Figure 2). Firms with low need for local orientation, but high need for integration require a global strategy that centralizes core operations with minor modifications for local adaptation. However, firms with a need for high local orientation, but low need for integration, require a multinational strategy that decentralizes significant operations to respond to local market conditions.

Firms integrating a high need for both local orientation and organizational integration should strive for a transnational strategy.

In addition to selecting a strategy for global competition, managers also need to make decisions regarding the internationalization process. Two processes are important. First, the development of innovations in a home market and as products moves along the product life cycle stages, firms can take products entering into the plateau of a mature stage to new international markets. Often the flow moves from developed to developing countries. Second, stages of internationalization with foreign entry modes that involve increasing resource commitment and risks start with exporting to licensing or joint ventures to wholly owned subsidiaries. The stage approach to internationalization takes time, which is a challenge within a global environment where information moves around the world in nanoseconds. Alternatively, the speed and complexities of globalization require firms to rethink their internationalization process because incremental stage models are too slow. Given the rate and quantity of knowledge flows in global competition, firms are likely to face competition in their home markets, with comparable innovations to their own before they are able to establish a foothold in the international market.

The incremental stage models are too slow for competing in an increasingly integrated global economy. Ohmae (2007) suggested that firms form global strategic alliances with partners established in three major markets—North America, Europe, and Asia, particularly Japan. Development of global competitive intelligence and innovation among the partners provide for rapid market development and the establishment of strategic positions in multiple locations. Basically, globalization into the twenty-first century creates a fundamentally different competitive environment that shifted from incremental internationalization processes to almost simultaneous deployment of innovations. This internationalization process also shifts the work of global managers from managing a field of expatriates to collaborating with strategic partners across national borders and managing global off-shore outsourcing vendors in multiple geographical locations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the methodology and procedure that were used in collecting and analysing the data in the study. Research design refers to the logical and systematic planning and directing a piece of research. The plan structure and strategy that the researchers intend to use in their study are discussed in this chapter. It contains information concerning the approaches that was used to facilitate the study.

3.2 Research Design

The study was a descriptive case study intended to establish the strategies adopted by Mid-Level Colleges in Kenya to cope with the challenges of globalization. A case study method was adopted focusing on the Kenya Institute of Management. Young (1960) describes case study as a comprehensive study of social unit be it that unit, a person, a group, a social institution, a district or a community. The case study enabled the researcher to establish the strategies used by Kenya Institute of Management and the challenges encountered in grappling with the challenges of globalization.

3.3 Data Collection

The study involved collection of primary data. This being as case study, the focus was in identifying the strategies adopted by mid-level colleges in coping with the challenges of globalization. To achieve this, the Executive Director and the Director in charge of strategic Business Units were interviewed. An interview guide (see Appendix II) was used for this purpose. The researcher carried out an in-depth interview. The mode of selection was purposeful or judgemental, as it was a selection of individuals who are

involved in the development of the strategies that are aimed at helping their organization cope with the challenges of globalization. The procedure involved personal interviews conducted by the researcher. By doing these, the researcher was able to identify which strategies are used by mid-level colleges in coping with globalization challenges.

3.4 Data Analysis

Since the primary data collected was qualitative, content analysis was used to analyse it. This is a systematic qualitative description of the composition of objectives or material of study. It involved observation and detailed description of objects, items or things that comprise the study (Mugenda, 1999). This approach has been used previously in similar research papers like the one by Koigi (2000), Mutungi (2006), Odundo (2007), Njau (200) and Kandie (2001). The qualitative method can be used to uncover and understand what lies behind a phenomenon under study. After the completion of data collection, the interview guides will be checked for accuracy, consistency with the facts gathered, and uniformity entered. The data was then edited where it was necessary in order to facilitate qualitative data analysis.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and findings of the study. It is structured in three sections. The first is the analysis of the respondents, secondly the findings of the strategies adopted by mid-level colleges to cope with the challenges of globalization, followed by a discussion of the findings.

4.2 Respondents Profile

Data was collected using in-depth interviews aided by an interview guide from two respondents from the Kenya Institute of Management. The interview guide was administered to the two respondents and they gave various views about the strategies adopted by Kenya Institute of Management to cope with the challenges of globalization.

4.2.1 General Information

The interviewees said that the Kenya Institute of Management has registered tremendous growth over a period of six years. They said that KIM had expanded from 14 branches to 23 branches where it has been able to spread to most major towns within the country and with presence in seven provinces out of the eight in the country. They also said that KIM has also expanded to Rwanda which is a new territory which is one of the strategies aimed at ensuring that their services are available in the whole continent of Africa. From their description, globalization forces organizations to think globally about their operations as they focus on the future. It is against this background that they believe that they said that they have no doubt that KIM has put in place measures in tackling the challenges of globalization.

4.3 Challenges of Globalization

The interviewees eluded that Globalization has revolutionized the way individuals do business but this has also come at a cost. In some areas, it has necessitated adoption of modern technology in order to enhance the performance of organization on a global scale. According to the feedback they gave, this has resulted to financial challenges as organizations find themselves chasing technology and the increasing need to satisfy the demands of the customer in Organizations have had to embrace the use of technological equipment as well as well as adopt modern ways of doing business in order to deliver services in a unique way to satisfy the ever demanding customers.

The researcher found out that globalization had impacted the education sector in a strong way, necessitating the colleges and universities to change their approach of acquiring students and imparting knowledge. The interviewees mentioned that there has been an increase by the western universities coming to recruit in Kenya through recruitment agencies, others have partnered with local universities and colleges to offer their programs while others go to the extent of offering partial scholarships to the students in order to gain their commitment to studies. Closer home, the universities in Uganda have also exerted globalization pressure on the Kenyan universities, and colleges by offering academic programs at a much lower cost as compared to the Kenyan colleges and universities. The interviewees said that this has had a major effect in the way colleges and universities carry out their business in order to attain efficiency and offer quality programs and services, to the satisfaction of customers.

The responses indicated that traditional occupations which need only fundamental education have become less important while new service careers asking for university degree are more significant. The diversity of jobs, especially hi-tech ones, requires increasingly sophisticated skills. Those jobs, which were previously given to unskilled or less-educated workers, are now offered to the graduates from vocational schools, colleges and universities. The respondents said that the investment in labour has doubled over the past 20 years. In addition, changes in the labour market have brought success to an enterprise or a nation based on its competitiveness. In a move to integration and knowledge-based society, the competitiveness depends on human capital. This therefore

means that as organizations prepare to compete globally, they should also work hard to ensure that they create and enhance their internal capacity to deal with business challenges brought about by globalization.

From the research, it was clear that the advance of globalization has not been a smooth or a pain-free process. Rather, businesses have had to endure many challenges and go through various changes. Two of the most common complaints against globalization are that it has undermined labour and environmental standards, and that it has exacerbated the gap between rich and poor, both among and within countries. The radical changes required in educational institutions to position themselves in a way that they become an authority in a particular field in order to gain credibility in the market as well as define their market.

Another challenge of globalization is the perception that economic liberalization has exacerbated the gap between rich and poor countries, and between the rich and poor within countries that have liberalized. The perception that the gap has been growing, both among and within nations, is broadly true. The connection with globalization is much less clear. While some previously poor countries have managed to close the gap with the more advanced economies, a disturbingly large number of countries have fallen further behind. According to the World Bank, the ratio of income per capita in the richest countries compared with that in the poorest rose from 11 in 1870 to 38 in 1960 to 52 in 1985. another issue of Concern is about the "marginalization" of poor countries in the global economic system has rightly focused on sub-Saharan Africa. Since 1976, the region's share in world trade has fallen from 3 percent to slightly more than 1 percent in the 1990s. While the flow of foreign direct investment to Least Developed Countries (LDCs) has risen dramatically in the 1990s, sub-Saharan Africa has been almost entirely overlooked. But the phenomenon of marginalization has not been a random event.

Poor nations that have fallen further behind the rich nations are almost uniformly those that have clung to state-directed and inward- oriented economic policies. Sub-Saharan Africa has lagged behind the rest of the world in economic growth in significant part because its markets remain among the most closed in the world. Its governments have

neglected domestic infrastructure such as roads and have distorted their domestic economies with subsidies, high taxes, and regulations. Granted, many African nations must also bear the burden of civil and tribal strife, poor soil, and inaccessible geography. But domestic economic policy must be considered a key variable in explaining the region's failure to develop. Those African nations that have implemented more open, stable, and market-friendly policies in the last decade--such as Uganda, Botswana, and Mauritius--have achieved growth rates exceeding those of the advanced nations.

There is nothing inherent in the process of globalization that would cause the gulf between rich and poor nations to expand. In fact, the access to capital, new technology, and larger markets that comes with global integration should be expected to accelerate the convergence of less developed regions of the world and to make global trade and wealth less concentrated across countries. Of course, the advanced economies have not always been helpful. Despite progress in the post-war era, advanced-economy trade barriers remain stubbornly high against clothing, textiles, and agricultural goods, the very products in which LDCs have a natural comparative advantage.

For poorer nations, the global economy has become like one of those giant conveyor belts that speed passengers through airport terminals. Globalization can accelerate a country's development, but only if its policymakers allow its citizens to hop onboard by opening the economy to international trade and investment. This conveyor belt of growth provides new technology, investment capital, domestic competition, expanding export markets, and powerful incentives for further domestic policy reform. The result is faster growth and dramatic improvements in living standards within a generation or two--as we have seen most strikingly in the Far East. The fact that some nations insist on walking their own, uphill, isolated, and often dead-end path is not the fault of globalization but of their own policymakers.

Globalization is really just shorthand for expanding economic liberty across international borders. The debate it has spawned is the repackaging, on a global scale, of the long-running argument over whether the way to prosperity is through free markets or centralized government planning, or some "third way" between the two. If you believe

free markets unleash forces that are destructive to human happiness and must be controlled by active government intervention, you will tend to see globalization as a threat. If you believe that free markets, operating within a rule of law, are essentially self-regulating and lead, in the words of Adam Smith, "as if by an invisible hand" to a greater general prosperity, then you will tend to see globalization as a blessing.

The argument that globalization is much more the latter than the former is supported not only by economic theory but by decades of hard-earned experience. A growing majority of nations have made their peace with globalization based not on whim or blind ideology but on the manifest failure of any alternative. They have come to realize that the spread of free markets and the institutions that support them offer the best hope that the fruits of prosperity can be shared by a wider circle of mankind.

4.4 Strategies Adopted to Cope with Globalization

From the responses, the researcher found out that as companies begin to compete internationally, strategic decisions become increasingly complex and multi-dimensional. This meant that as the Kenya Institute of Management expanded its activities beyond the borders, it had to adjust some of the strategies in order to make sure that they are not in conflict. International operation in some instances brings about challenges that could not be in existence when considering the local environment. The responses indicated that globalization has a relatively new idea that the world has been embracing. The positive effects of globalization are numerous and extremely beneficial for everyone in all countries. It has been the most successful prosperity and anti-poverty movement in modern history.

The responses of globalization show that the effects of globalization forces businesses to compete on a global scale, which in turn requires them to continually identify ways of making their services better and affordable to the market. Today's business environment requires organizations that choose to strategically position themselves to be able to offer

products or services to the international market. This is because, the reduction of trade barriers and tariffs will open up the market to any other provider of similar products or services. In the long run, consumers will benefit from the availability of products at a lower cost and they will not be willing to pay for an organizations inefficiency in the name of buying local to build their nation.

The responses were that organizations need to be innovative and they need to continually identify ways and means of satisfying the needs of the consumers. To continually compete globally No long will businesses be able to corner markets because politicians protect them. They'll now to compete with foreign businesses that may or may not be able to do business more efficiently. Countries move to market sectors that they are better at. This simply means that the labour in a country is going to do what it's best at. There is no need for Americans to do manufacturing when someone in China can do it better. Our labour is better served doing something beneficial.

The interviewees indicated that the consumers are the real winner, since they are likely to get better quality and value for their money. Despite the desire from some politicians to protect workers, there are far more consumers than there are workers, but no one wants to seem to protect them. Consumers should not be forced to buy over priced goods from American buyers when you can get the same quality for less if it is made in China. Now consumers can get the best products for the best prices. Everyone grows more prosperous. Just look at China and India. Before globalization they were very poor countries. The standards of living were extremely bad. Now these people are becoming more prosperous. People that could never afford a car are now getting them. Not to mention the fact from the consumers side that are benefiting from saving money which can be used to save or spend on other things.

The findings showed that that commercialization of education may in turn penalize the participation of brilliant students coming from poor background. In nation building an overwhelming emphasis on commercialization and competition also involves risk of undermining the inculcation of higher values of sacrifice, service and commitment to the country, a loss that may be difficult to overcome; It may contribute for materialism and

self-centeredness converting students towards self-centred personality. Already there is a belief amongst villagers that education alienates persons from their grass roots. Globalization has the power to uproot the traditional views towards women so they can take an equal stance in society.

The respondents said that it would be equally interesting to view globalization as a real opportunity for Kenya and can benefit significantly from the global revolution in higher education. Obviously, it would require major policy reforms with regard to university structure; function, structure function relation, funds and the way universities are regulated. It would require closer links between industries and institutions especially in the growing technology-based sectors, and an entrepreneurial style of leadership to head the Indian universities. Given these inputs, Kenya might be able to capture the benefits of globalization. No doubt, the country has potential and individuals are capable, yet “ifs and buts” appear to be the crux of the matter. The matter is “how to achieve the concrete gains from existing higher system, competing with Global trends without sacrificing national goals of higher education and development and without abandoning its commitment to Indian tradition and cultural values is a real challenge.

The contributions of globalization are strongly felt in Industrial growth. It has made major contributions in the growth of industries in most countries. Many countries have been able to strengthen their businesses by outsourcing businesses from other countries. Organizations have chosen to concentrate on their core business and outsource activities that are not part of their core business. For instance, car manufacturers prefer to outsource the manufacturing of some of the small parts used in the assembly of motor vehicles to other companies. Some of these parts include; lamps, mirrors and screens, tyres and many of the interior gadgets.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The objective of this research was to determine the Strategies Adopted by mid-level colleges to cope with the challenges of Globalization. In this chapter, the major findings of the research study were interpreted and explained the factors affecting procurement in retail organizations. These were explored deeper in the summary of findings, the research questions were answered from the findings of the study. Limitations of the study will also be mentioned.

5.2 Summary of Findings

The summary of the study was based upon the findings obtained from the questionnaires that were distributed to the respondents. The study revealed that there is need to pay attention to the variables identified in this study since their contribution to a retail organization success is immense.

The findings of the study were consistent with the theories discussed in the literature review. From the findings, it is clear that globalization is not only a local phenomenon nor a regional one, but a continental issue that has radically changed the way we do business in our organization. Radical changes have occurred in the way we do business with respect to the strategy formulation. As a result, businesses have been forced to change their ways of doing business in order to adopt better and effective methods in order to offer better products or services as compared the competitors. These findings are further confirmed by the study done by Ngugi (2007) where the study was on implications of globalization on private hire companies.

The findings of the study indicate that the Kenya Institute of Management was indeed affected by the challenges of globalization and as a result, they had already developed

strategies to counter the effects of globalization. Most of the other players in the higher education sector had already started to embrace the changes that are necessary, in order for them to compete at the global level.

From the findings most of the learning institutions have found it necessary to develop their capacity to handle more students and have already established presence in various locations in order to capture any untapped potential in the market. While some of the organizations have been intensifying their expansion locally, others have been expanding their reach beyond the borders. Various arguments have been advanced as to whether those companies that are seeking to be competitive under globalization should consider local expansion or go for global expansion. However, from the findings of this study, organization can adopt whatever strategy that provides them with leverage.

The findings indicated that with the recent global developments, organizations have to improve the way in which they conduct their operations in order to remain competitive. There is a school of thought whereby individuals tend to think that if an organization crosses borders in offering their products or services, they must have conquered their local market. This means that there are some consumers who will always prefer the foreign products or services over the locally available products and services. As a result, it is critical for organizations to re-look at their processes in order to ensure that they meet the international standards. If this has been achieved, it makes it possible for them to be competitive as they explore a global expansion strategy as a way of countering globalization.

The findings indicated that globalization involves the diffusion of ideas, practices and technologies. It is not simply modernization or westernization, and therefore there was need for organizations to adopt to the changes it caused rather than trying to prevent its effects from having an impact on these organizations. It is certainly not just the liberalization of markets. Giddens (1990) has described globalization as 'the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa'. This involves a change in the way we understand geography and experience localness. As

well as offering opportunity it brings with considerable risks linked, for example, to technological change. .

Many of the activities that previously involved face-to-face interaction, or that were local, are now conducted across great distances. There has been a significant de-localization in social and economic exchanges. Activities and relationships have been uprooted from local origins and cultures (Gray, 1999). One important element in this has been the separation of work from the home. When we buy books from an internet supplier like Amazon our communications pass through a large number of computers and routers and may well travel thousands of miles; the computers taking our orders can be on a different continent; and the books can be located anywhere in the world. The 'spaces' we inhabit when using the internet to buy things or to communicate (via things like chatrooms and bulletin boards) can allow us to develop a rather different sense of place and of the community to which we belong.

From the findings of the study, it is clear that globalization has on various occasions forced managers to adjust their strategic intentions, in order to maintain a share of the market, protect its interest in certain areas as well as ensure that they are on the right path of growth. As we have already noted, a particular feature of 'globalization' is the momentum and power of the change involved. 'It is the interaction of extraordinary technological innovation combined with world-wide reach that gives today's change its particular complexion' (Hutton and Giddens, 2001). Developments in the life sciences, and in digital technology and the like, have opened up vast, new possibilities for production and exchange. Innovations like the internet have made it possible to access information and resources across the world - and to coordinate activities in real time.

The findings indicate that the Kenya Institute of Management is well aware of the challenges it is facing as a result of globalization and also our country as a whole. To enable organizations become well prepared and enable them be proactive, KIM has developed the Organizational Performance Index (OPI) which is a global excellence model that has been developed to enable organizations become competitive in their organizations. This excellence model seeks to challenge organizations to adopt the best

practices globally in but also caused drastic changes in majority constituting 91% of the respondents felt that staff skills have a major effect on the success of the procurement function. The researcher also identified that experience was vital and that there was need to balance people with various key components like supply chain and logistics, depending on the tasks that require to be executed. The findings indicated that the procurement staff are heavily relied upon for delivery of key results for the organization.

5.3 Conclusions

From the study it can be concluded that the globalization has had major effects in the operations of many organizations. Businesses need to adopt practices that enable their operations to be geared towards the development of solutions in the market. procurement function in a retail organization plays a critical role towards the smooth running of operations within the entire organization. The procurement function not only deals with procuring items for sale but also deals with procurement for internal users or user departments. The complexity of their activities is not well understood by customers but it plays a key role in making a retail store a preferred choice for customers.

Although globalization is a relatively new term, it has already been designated as the key concept of the 1990s, 'by which we understand the transition of human society into the third millennium'; 'an idea', in short, 'whose time has come'. The idea itself has undoubtedly arrived in the form of rapidly expanding libraries of books on the subject, even if the claims it has inspired are, inevitably, much disputed. Guides to what is already a huge literature have now been called into being to rescue stranded students; the sentinels needed to watch over the extensive and changing frontiers of the subject are on permanent alert. Amidst much controversy, contributors to the literature are united in agreeing on the importance of understanding the historical dimensions of globalization. The central question of whether or not globalization is a new phenomenon, and therefore merits its distinctive name, cannot be answered without investigating its historical roots and making judgements about turning points in the past. However, while assessments of this kind abound, they have so far been made almost exclusively by social scientists other

than historians. The resulting analysis is often illuminating, but has yet to engage with the historical literature in any depth or detail. Consequently, there is now a sizeable opportunity for historians to make a systematic and effective contribution to this wide-ranging and highly topical debate.

Globalization, no doubt, promises dramatic and rewarding change to the higher education systems of the developed countries. Whereas for the developing and the underdeveloped countries, where the system is facing the scarcity of resource, it threatens the stability needed to build the well performing system. Developing countries often have to adjust willingly or unwillingly both to the quickening pulse of international change, and accordingly, reform on several fronts simultaneously, which may not be possible under the given resource status of higher education.

In spite of continued debated and discussions on this issue, still it is not clear whether this new global policy would keep in view the interests of global capitalism or the needs of particular societies in general and disadvantaged groups in particular. The fear that the process of Globalization Policy may apparently shape the perspectives of educational reforms in favour of those who have already benefited from the system as they are in the position to influence the policy is haunting those who are not in a position to influence the policy.

Globalization is expected to be a process through which an increasingly free flow of ideas, people, goods, services and capital would lead to the integration of economies and societies. It is characterized by an accelerated flow of trade, capital, and information, as well as mobility of individuals, across geographical borders. It reflects comprehensive level of interaction than that has occurred in the past, suggesting something beyond the word “international”. It implies a diminishing importance of national borders and strengthening of identities, that stretch beyond those rooted in a limited locale in terms of particular country or region. It is this construction of time-space compression that has given rise to popular notion of “One-World” or “Global Village”. Globalization though has contributed for rise in living standards, improvement in health and education and Technology advancement, especially in the area of communication and computers during

this period, yet in the recent past, there have been apprehensions expressed in terms of its impact, especially on the people who still live below the poverty line.

5.4 Limitations of the Study

Since there has not been any other studies on this area accurate and more concise market information was not available. Another limitation of the study is that generalization of the findings may not be possible. This is because it was a case study of KIM and some of the findings may not apply to all the other firms in the industry. Various organizations use varied approaches in determining their strategic direction.

The research would have benefited immensely in interviewing and receiving data from all the individuals involved in crafting of strategies. Lack of adequate time to interview the targeted respondents was a problem due to their tight schedules. Some of them were not available despite prior appointments scheduled with ample time. Some officials of KIM were not comfortable with the interview and gave little information and as well wanted to remain anonymous.

5.5 Suggestions for Further Research

It is recommended that further studies in the effects of globalization in the education sector be explored especially in relation to the quality of education, training methods and the approach used in development of human capital potential. While this study concentrated in identifying the strategies adopted to cope with globalization challenges, it would be important for future studies to focus on the identifying the challenges on a wider scale since that area has not received much focus. Since the case study was on the Kenya Institute of Management, similar studies can be explored covering other mid-level colleges or universities in order to establish how they are dealing with the globalization challenge.

5.6 Recommendations for Policy and Practice

The study revealed a number of good management practice that could be applied by other companies experiencing similar challenges. If our organizations are to remain competitive we need to the government needs to formulate regulations that are geared towards ensuring that the organizations embrace developmental approached in developing capacity for competing on a global scale. It is also necessary to offer support to the mid level colleges which are receiving an eminent threat from takeovers by the institutions of higher learning. This will ensure that they are able to develop better capacity to compete and also develop a focus in offering other training and courses that are meant to compliment the courses offered at the universities. In this way they will be acting as a feeder to the universities with students or they will be supplementing the courses university students will be undertaking.

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APPENDICES

APPENDIX I: Introduction Letter

22nd August 2011

Dear Respondent,

RE: RESEARCH DATA COLLECTION

This questionnaire is designed to gather information on “**Strategies Adopted by Small and Medium Enterprises to Cope with the Challenges of Globalization: A Case Study of Kenya Institute of Management in Nairobi**”. The study is being carried for a management project paper as a requirement in partial fulfilment for the degree of Master of Business Administration, School of Business, University of Nairobi.

The information in this questionnaire will be treated confidentially and in no instance will your name be mentioned in this research. Also, the information will not be used for any other purpose than for this research.

Your assistance in facilitating the same will be highly appreciated. A copy of this research paper will be made available to you upon request.

Thank you in advance.

Yours faithfully

Timothy Mahea
MBA STUDENT

Dr. Martin Ogutu
SUPERVISOR

APPENDIX II: Interview Guide

PART A

1. Exchange pleasantries to make respondents feel at ease, the researcher to explain the motives behind the subject of discussion to secure a positive response. Get information about the respondent;

Name (Optional)

Occupation

2. Kindly give me an overview of the history of Kenya Institute of Management, how the organization has grown.

3. How would you describe the KIM's business performance for the last five years?

PART B

These questions are aimed at obtaining information regarding the challenges encountered by Kenya Institute of Management in coping with globalization.

4. In which area of your business have you experienced most challenges in the course of your operations?

a) Financial challenges _____

b) Competition _____

c) Environmental challenges _____

d) Technological challenges _____

e) Staffing issues _____

f) Increased customer needs _____

g) Changing customer trends _____

5. How have you responded to the above challenges?

6. Has globalization been a challenge to KIM?

PART C

To determine the strategies adopted by the Kenya Institute of Management to cope with the challenges of globalization

- 7. What strategies has Kenya Institute of Management adopted to cope with the challenges of globalization?

- 8. Has there been some retaliation from the market as a result of the strategies adopted?

- 9. The education sector has experienced a lot of attention and the enrolment rate has been high. How has that effect been on your long-term strategies adopted?

- 10. Has globalization be a challenge to the growth of the organization?

- 11. What achievements has KIM made in dealing with globalization?

12. For how long have you encountered globalization as a challenge to you operations

13. Is there anything you would kindly share on the strategies/long-term objectives in relation to the globalization challenges

14. What strategies has KIM adopted as part of the growth and survival strategy?

15. What are the effects of these strategies?

Close the interview by thanking the respondent.