AN INQUIRY INTO GROWTH STRATEGY USED BY BUSINESS COLLEGES IN ZAMBIA

By

Oscar Mwansa

THESIS

Submitted to
KDI School of Public Policy and Management
in partial fulfillment of the requirements
for the degree of

MASTER OF BUSINESS ADMINISTRATION

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Supervisor Seung - Joo LEE ________________________

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ABSTRACT

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Most business colleges in Zambia employ some form of strategy for growth. However, some colleges still lag behind in that they have no rigorous growth strategy in place. This paper examines the necessity of a growth strategy by considering how business colleges in Zambia have managed to operate with or without a growth strategy and how this has impacted their performance. To achieve this, a consideration has been done as to whether a growth strategy matter or not and to what extent if it does. The paper further disproves the common “myth” that “growth just happens” whether or not there is a plan. In summary, the study has shown that Growth strategy is necessary and matters for the survival of business colleges in developing countries. It has also shown that Growth can not be achieved accidentally, it is planned. It is therefore clear that growth strategy has been the key driver in ZCAS’ success.

ACKNOWLEDGEMENTS

Special thanks to God Almighty for your unfailing love even when I fail you. Thanks to ZCAS, ZICA and ACCA for the support throughout my study.

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Many thanks to Yusuf, my room mate, and all friends and team members like Netai, Solomon, Martina, Youmi, and Shirley. I am also thankful to my family members, all my workmates and my supervisors for the support.

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TABLE OF CONTENTS

CHAPTER 1
INTRODUCTION OF THE STUDY

1.1 Terms of reference

Strategy in every aspect is known to be one of the main sources, if not the only source, of sustainable competitive advantage. For this reason, scholars, governments and businesspeople are depending on it highly to improve their present and future outlook with regard to their respective pursuits. Among the main concerns are issues directly related to growth strategy as this is very important for any company desiring sustainability in this era of rapid change.

Strategy is believed to offer impressive results for any organisation be it in the private or public sector. With regard to an educational institution and in particular a business college, the absence of strategy will mean disaster in that none of the priority areas will be considered and the nation's quality of education will be compromised. This will have a direct impact on the production of goods and services in the country in that the calibre of graduates will be questionable. For this reason, strategy is at the centre of and critical to the success of any organization. It is as a result of this that it was felt necessary to study strategy generally and in particular growth strategy even as it relates to business[1] colleges in Zambia.

[1] Although the study refers to business colleges, much emphasis will be on Accountancy training as it is one of the key business professions. Also, almost every business college in Zambia conduct some form of Accountancy training be it at Certificate, Technician, Diploma, Degree or Professional level.

1.2 Problem statement

Education is at the centre of economic development and its absence will entail chaos for any organization. Amongst the learning institutions in Zambia are business colleges which are currently exposed to a lot of competition due to the increase in tuition providers both within and outside Zambia. Traditionally, some of these colleges never employed any strategy for them to survive or expand. However today's market in Zambia and abroad has become competitive hence the need for survival strategies.

1.3 Reasons for choosing the topic

Growth strategy is pivotal to corporations' overall strategy and as a result this study will address it along side the overall corporate strategy. The purpose of this thesis will be to conduct a study of growth strategy used by Business colleges in Zambia, more specifically, Zambia Centre for Accountancy studies (ZCAS) being the country's leading and fastest growing college. In summary, the thesis will answer the question, "What makes some colleges attain sustainable growth while others do not even though they operate within the same macroeconomic environment"? The main reason for studying in this area is that, I wish to acquire more knowledge about what causes businesses to grow not only to work as a Teacher, but also as Business Executive. I plan set up a college in which I will work both as Lecturer and Executive. The call to which this huge task brings me requires an understanding of conditions that are essential for sustainable growth. It is for this reason that I expect the results to highlight the critical success factors within this industry while at the same time pinpointing the pitfalls that should be avoided. This will help in formulating and implementing good competitive strategies even as the competition in developing countries becomes intense.

The other reason arises from the need for business colleges. Typical of business Professionals are Accountants of whom their importance can not be overemphasized as we know that they hold a position of trust. In addition to their custodian duty, they provide financial information which is very cardinal for decision making by different Stakeholders. Such decisions include Diversification, Distribution; Spin-off, Mergers and Acquisitions. It is this strategic positioning of Accountants that has prompted me to conduct a study of institutions that are behind the making up of such professionals.

Globalization has brought about an influx of players in different industries as well as in different geographical regions like countries. These waves of competition spare no state and as such even developing countries are equally affected hence the need for them to respond if they are to survive the challenge of Globalized market place. The application of strategy remains one of the most important if not the only source of survival and maintaining sustainable growth. Though being landlocked, Zambia is also now affected by this market dilemma (competition) hence the need for this study so that it will help Zambian business colleges as well as emerging ones in responding positively to competition.

1.4 Contribution to Knowledge

Although growing interests in comparing the relative success of growth strategy spawn existing literature, in Zambia, there exists a gap in empirical research on the impact of growth strategy on performance hence the need to conduct this study and contribute to existing knowledge. Some of the short comings revealed by existing literature include:

- Most research on the subject of strategy has focused on profit making organizations. As a result most learning institutions, among them business colleges have not been included in most research hence making it difficult to clearly tell the impact of strategy on success.

- Most research has been conducted in developed countries which have market structures different from least developed or rather developing countries. In view of this, the knowledge obtained from such studies may not necessarily suit all industries in developing countries

1.5 Significance of the study

This research will contribute to the existing knowledge on the subject of strategy by showing how companies should apply strategy in order to achieve sustainable growth. Other users of this knowledge will include the following;

- Management of business colleges will use it for improving service delivery.
- Individuals and other bodies wishing to set up business colleges.
- Future researchers on the subject as well as regulatory bodies.

1.6 Definition of abbreviations

Throughout this report, the following abbreviations have been taken to mean as they are explained below, unless otherwise stated to the contrary:

1.6.1 Abbreviations

ACCA	Association of Chartered Certified Accountants[2]
ZCAS	Zambia Centre for Accountancy Studies
ZICA	Zambia Institute of Chartered Accountants[3]
NATECH	National Accounting Technician
AAT	Association of Accounting Technicians
CIMA[4]	Chartered Institute of Management Accountants
NCC	National Computing Centre
IMIS	Institute for Management Information Systems
ZIBCT	Zambia Insurance Business College Trust
ZAMIM	Zambia Institute of Management
EHC	Evelyn Hone College
NIPA	National Institute of Public Administration
ZICAB	Zambia Institute for Capacity Building
ZABMAC	Zambia Business Management and Accountancy Centre
CBU	Copper Belt University

[2] ACCA is the largest global professional accountancy body, with nearly 300,000 members and students in 160 countries. Its members are engaged in a number of specialized areas such as; External Audit Practice, Tax Consultancy, Industry as Finance Managers, Public Sector, General Business Consultancy, Receiverships and Liquidations.

[3] ZICA is the mother body of all Accountants in Zambia. It was established in 1982 by an Act of Parliament

[4] CIMA is a UK accountancy qualification/body with over 74,000 students and 57,000 members in 156 countries.

CHAPTER 2
LITERATURE REVIEW

This sections focuses on the literature review conducted before data collection and analysis up to the conclusion stage. The discussion below is not exhaustive of all the literature reviewed. However; it brings out some of the leading authorities on the subject. The review started by explaining what is meant by strategy, its origin and then moved on to the evolution of strategy up to the current era of corporate strategy which focuses on strategic and organizational innovation.

2.1 Strategy

Strategy is about winning (Grant 2005). Fundamentally, a strategy is a commitment to undertake one set of actions rather than the other and this commitment necessarily describes an allocation of resources (Oster 1999).

2.2 Origin of strategy

The term *strategy* derives from the Greek word *strategia* which means, “Generalship”. However, the concept of strategy did not originate from the Greeks. Grant (2005) traces its origin from Sun Tzu’s classic The Art of War, written about 500 BC. It is important to note that military and business strategies share a number of common concepts and principles with the most basic being the distinction between strategy and tactics. Strategy is the overall plan for deploying resources to establish a favorable position; a tactic is a scheme for a specific action. Tactics are concerned with the maneuvers necessary to win battles; strategy is concerned with winning the war. The concept of growth strategy is also traceable from Sun Tzu Art of War, *“when you capture the enemy, do not kill them let them be part of you so that you become even stronger.”*

2.3 Evolution of strategy

Grant (2005) records that in the 1950s, strategy focused on budgetary planning and control with financial control being the main issue. However, the 1960s up to early 1970s saw a shift in focus to corporate/long range planning with emphasis on planning diversification – expansion into new business sectors, often through acquisitions.

During the 1970s, circumstances changed not only because diversification failed to deliver the anticipated synergies, but also the oil shocks of 1974 and 1979 ushered in a new era of macroeconomic instability, combined with increased international competition. Firms could no longer plan their investments, new product introductions and personnel requirements three to five years ahead simply because they couldn't forecast that far into the future. The result was a shift in emphasis from planning to strategy making where the focus was less on the detailed management of companies' growth paths than on positioning the company in markets and in relation to competitors in order to maximize the potential for profit.

During the late 1970s and into the 1980s, the emphasis was upon sources of profit within firms' external environments. Michael Porter (1985) pioneered the application of industrial organization economics to analyzing the determinants of firm profitability by use of the Competitive Forces Approach. The other focus was on the three (3) generic strategies namely; cost leadership, differentiation, and focus.

By the 1990s, the focal point for strategy analysis shifted from the sources of profit in the external environment to the sources of profit within the firm. Increasingly, the resources and capabilities of the firm became regarded as the main source of competitive advantage and the primary basis for formulating strategy. This emphasis on what has been called the resource-based view of the firm has represented a substantial shift in thinking about strategy.

Finally, recent years have focused on strategic and organizational innovation. Rapidly declining costs of communication and information processing fostered new thinking about the networked economy and dynamics of standards wars, the impact of “disruptive technologies”, the central role of knowledge, and the phenomenon of winner –take-all markets.

Michael Porter (1985) emphasizes in his book Competitive Advantage that the first fundamental determinant of a firm’s profitability is industry attractiveness. *This is referred to as the Competitive Forces Approach* .Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry’s attractiveness. The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm’s favor. In any industry, whether it is domestic or international or produces a product or a service, the rules of competition are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among the existing competitors.

The collective strength of these five competitive forces determines the ability of firms in an industry to earn, on average, rates of return on investment in excess of the cost of capital. The strength of the five forces varies from industry to industry, and can change as an industry evolves.

According to Porter, the second central question in competitive strategy is a firm's relative position within its industry. Positioning determines whether a firm's profitability is above or below the industry average. The fundamental basis of above-average performance in the long run is sustainable competitive advantage. In cost leadership, a firm sets out to become the low-cost producer. The strategic logic of cost leadership usually requires that a firm be the cost leader, not one of several firms vying for this position. Many firms have made serious strategic errors by failing to recognize this. When there is more than one aspiring cost leader, rivalry among them is usually fierce because every point of market share is viewed as crucial. Unless one firm can gain a cost lead and "persuade" others to abandon their strategies, the consequences for profitability can be disastrous.

In differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important and uniquely positions itself to meet those needs. However, it should be noted that this also depend on the size of the market – meaning you can not position yourself beyond the size of the market.

Firms should pursue one of the two generic strategies. According to his book Competitive Advantage (Porter1985), a firm that engages in each generic strategy but fails to achieve any of then is "stuck in the middle". It possesses no competitive advantage. A firm that is stuck in the middle will compete at a disadvantage because the cost leader, differentiators or focusers will be better positioned to compete in any segment.

Although Porter's 5 forces model is widely used, Oster (1999) note that it ignores industry history and institutions. Yet these factors may be very important in understanding the level of profitability in an industry. Oster stresses that, one way for an organization to earn higher returns than other similarly placed organizations is for it to see and seize new lucrative opportunities early, before entry has accomplished its leveling function. This activity is called entrepreneurship. She noted that, firms create value, which fuels profitability either by having a cost advantage or a product differentiation advantage. A central consideration in designing a strategy is to do well relative to the other players in the market.

To succeed, a firm must be better at something than its rivals. To form a successful basis for competitive advantage, a product or process feature must be important in the market, an improvement over the competition, and defensible against imitation. Once a firm has identified areas of importance in a market, the next challenge is to consider what kinds of advantages are potentially sustainable in the face of the kinds of entry and imitation pressures. The three possible sources of sustainable advantage are: ownership of key assets, market size and experience and use of constellation of complementary assets and practices.

In his book Contemporary Strategy Analysis, Professor Grant (2005) notes that the focus of strategy thinking has been shifted from the external environment towards its internal environment. The task of business strategy, then, is to determine how the firm will deploy its resources within its environment and so satisfy its long-term goals, and how to organize itself to implement that strategy. Strategy is concerned with matching a firm's resources and capabilities to the opportunities that arise in the external environment (*Resource based*

Model).Central to this “resource – based view” is the idea that the firm is essentially a pool of resources and capabilities, and that these resources and capabilities are the primary determinants of its strategy and performance. Thus, defining the firm in terms of what it is capable of doing may offer a more durable basis for strategy than a definition based upon the needs that the business seeks to satisfy. In general, the greater the rate of change in a firm’s external environment, the more likely it is that internal resources and capabilities will provide a secure foundation for long-term strategy.

Resources are the productive assets of the firm: capabilities are what the firm can do. Individual resources do not confer competitive advantage, they must work together to create organizational capability. It is capability that is the essence of superior performance. To be a source of sustainable competitive advantage, a firm’s capabilities must be distinctive.
Examples of strategic capabilities for a firm will include; Economic, Human, Technological etc. Johnson and Scholes (2004) refer to strategic capabilities as core competences.

Prahalad and Hamel (1990) observed that Core competence does not diminish with use. Unlike physical assets, which do deteriorate over time, competences are enhanced as they are applied and shared. They also commented that Competences still need to be nurtured and protected; knowledge fades if it is not used. Another key aspect of their article is the fact that Competences are the glue that binds existing businesses. They are also the engine for new business development. Patterns of diversification and market entry may be guided by them, not just by the attractiveness of markets.

Professor Lee (2004) stated that, despite the contribution of the resource-based view on deepening our understanding of firm capabilities, competitive advantage and growth; it has a number of limitations. For example, some of the key concepts, such as resources, capabilities, core competence and strategic assets have not been agreed upon by scholars and the mechanisms by which resources and capabilities actually contribute to competitive advantage remain vague and ambiguous. He noted that the existing literature on growth, even though very insightful in its own way, did not fully address some of the key issues senior executives should consider in developing a robust growth strategy. As a result, in his paper, a conceptual framework on growth, He identified seven key questions for growth which can be used as diagnostic tools. These questions are summarized below;

1. Where to compete – this is about establishing strategic focus in terms of business domain and geographic markets
2. Who to target as Customers - focus its attention on defining its target customers. This is a strategic decision, since companies cannot sell to everyone
3. What to offer – this is about choosing the “right” product/service offering and, from the customer’s point of view, the “right” value proposition to its customers
4. How to compete – This involve making choices on a number of issues such as how to design the business system or value chain, how to leverage and develop core competence, how to allocate resources across activities and so on.
5. With whom to partner – This is about forming partnerships and alliances. In today’s interdependent world, no company is an island. Every company has to think in terms of working with others, even with competitors. A partnership may provide any one of

the missing pieces, for example, market access, product line, technology, brand name, capital, or operating scale.

6. When to Compete – This is about deciding on the “right” timing of strategic moves and the speed and pace of implementation.
7. What if - This is used to anticipate possible changes in the environment and prepare the organization for future uncertainties. This can get people not only thinking about uncertain futures, but challenging preconceptions they might have about what future strategy their organization should follow (Johnson & Scholes)

Blue ocean strategy (Kim & Mauborgne 2005) focuses on how to create uncontested market space and make the competition irrelevant. The creation of blue oceans is about driving costs down while simultaneously driving value up for buyers. Those that seek to create blue oceans pursue differentiation and low cost simultaneously.

Value innovation is the cornerstone of Blue Ocean Strategy. Value innovation is created in the region where a company’s actions favorably affect both its cost structure and its value proposition to buyers. In summary, Red ocean strategy can be compared as follows to blue once strategy;

- While red ocean strategy compete in existing market place, blue ocean strategy create uncontested market place
- Red ocean strategy beat the competition while blue ocean strategy make the competition irrelevant
- Red ocean strategy exploit existing demand while blue ocean strategy create and capture new demand

- Red ocean strategy make the value-cost trade-off while blue ocean strategy break the value-cost trade-off
- Red ocean strategy align the whole system of a firm's activities with its strategic choice of differentiation or low cost while blue ocean strategy align the whole system of a firm's activities in pursuit of differentiation and low cost

The book lists several analytic tools and frame woks that are essential for creating and capturing blue oceans. These are;

1. Eliminate factors that companies in the industry have long competed on. Often those factors are taken for granted even though they no longer have or may even detract from value
2. Determine whether products or services have been over designed in the race to match and beat the competition
3. Uncover and eliminate the compromises your industry forces customers to make
4. Discover entirely new sources of value for buyers and to create new demand and shift the strategic pricing of the industry

In addition to the frameworks, there are also a number of principles used for successful formulation of blue ocean strategy with the first being to reconstruct market boundaries. This can be achieved through the following paths as listed by Kim & Mauborgne;

1. Look across alternative industries
2. Look across strategic groups within industries
3. Look across the chain of buyers
4. Look across complementary product and service offerings

5. Look across functional or emotional appeal to buyers
6. Look across time

Despite these benefits, it is important to note that blue ocean strategy does not fully solve the problem of a company being stuck in the middle as explained by Michael Porter. This is because sooner or later and depending on the resources and capabilities of the creator of the blue ocean, it will become a red ocean once other companies can do the same thing. Also, creating blue oceans is an expensive exercise that should be undertaken with much care because if it fails, the company is likely to make huge losses. However, the fact still remains that a company that optimizes its resources and capabilities will with stand the red oceans while at the same time looking for new blue oceans.

The stakeholder theory started by Freeman in 1984 is also of great importance to an organization's overall growth strategy in that it recognizes the different stakeholders with their respective stakes. The theory looks at the nature of the relationship between the stakeholders and the organization. In summary, according to Thomas (1995), the theory looks at the Corporation as having relationships with many groups. It is concerned with the nature of these relationships in terms of both processes and outcomes.

The other important view is that the interests of all legitimate stakeholders have intrinsic value, and no set of interests is assumed to dominate the others. Lastly, the theory focuses on managerial decision making in that it does not simply describe existing situations or predict cause – effect relationships; it also recommends attitudes, structures, and practices that, taken together, constitute stakeholder management. Johnson and Scholes (2004) also observed that many forces are at work in the business environment, the internal capabilities of organizations and the expectations and influences of stakeholders. In order to help in the identification of stakeholders, Professor Mendelow (BPP 2006) came up with a stakeholder matrix in which he divides stakeholders into four categories and provides strategy to deal with each of them depending on their level of interest and degree of power/influence. This matrix is reproduced below;

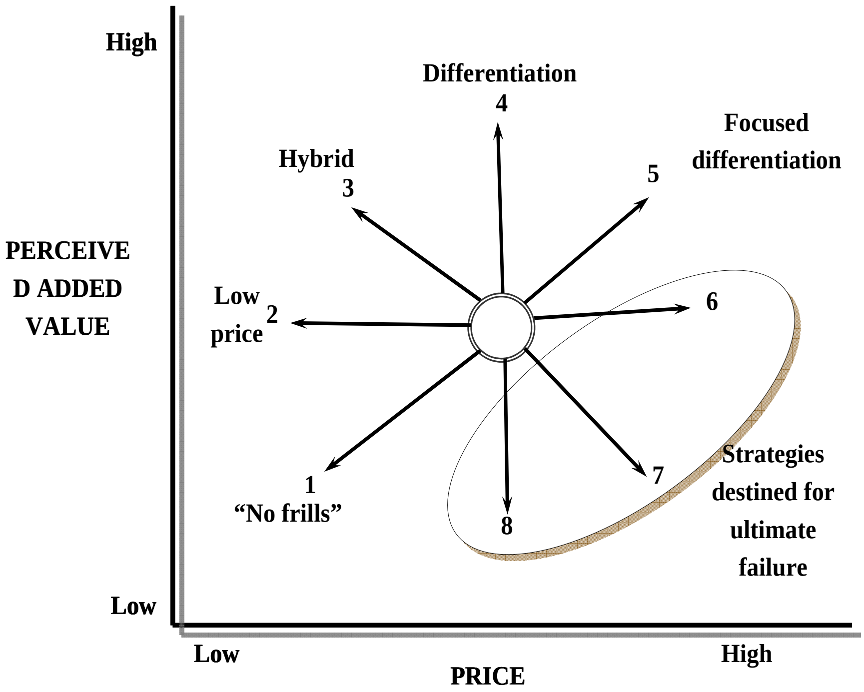
<u>Stakeholder Matrix</u>

DEGREE OF POWER/ INTEREST	LEVEL OF INTEREST: LOW	LEVEL OF INTEREST: HIGH
LOW	MINIMAL EFFORT e.g. Casual workers	KEEP INFORMED e.g. local community
HIGH	KEEP SATISFIED e.g. Central government	KEY PLAYERS e.g. Major customer

<u>Source</u>: BPP, Strategic Business Planning and Development, 2006

Johnson and Scholes (2004) defines competitive strategy as the bases on which a business unit might achieve competitive advantage in its market. They used a strategy clock in order to explain competitive strategy options which are available. Their diagram is reproduced below;

Strategy clock



Source: Johnson & Scholes, Exploring Corporate Strategy, 2004

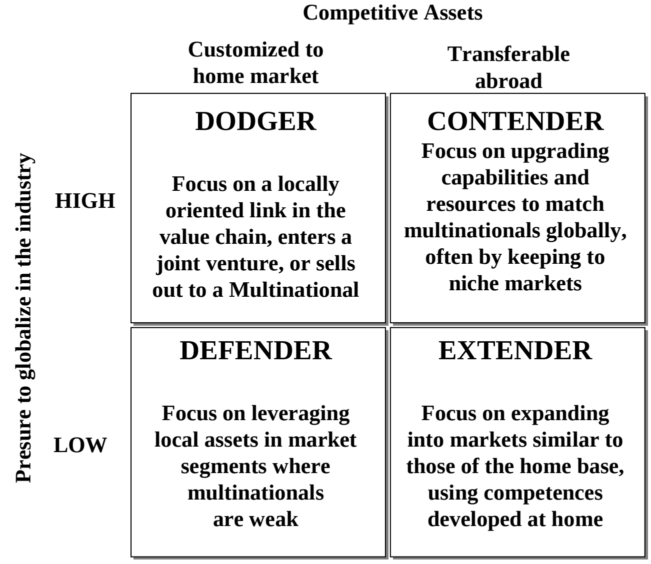
Note that the first two (2) strategies are called price –based strategies while the last three (3) are called failure strategies

1. No frills strategy - combines a low price, low perceived added value and a focus on a price-sensitive market segment. This strategy is likely to be segment specific
2. Low price strategy – Seeks to achieve a lower price than competitors whilst trying to maintain similar value of product or service to that offered by competitors. This strategy has a risk of price war and low margins hence only applicable for cost leaders

3. Hybrid strategy – Seeks to simultaneously achieve differentiation and a price lower than that of competitors. This requires a low cost base and reinvestment in low price and differentiation.
4. Differentiation strategy – Seeks to provide products or services unique or different from those of competitors in terms of dimensions widely valued by buyers.
5. Focused differentiation – Seeks to provide high perceived value justifying a substantial price premium, usually to a selected market segment.
6. Increased price/standard value – This gives higher margins if competitors do not follow. However, there is a risk of losing market share.
7. Increased price/low value – This is only feasible in monopoly situation where the price can be increased while the value is reduced.
8. Low value/standard price – This may lead to loss of market share in that the value is reduced while the price remains the same.

Niraj and Tonny (1999) came up with strategies for Local companies in emerging markets. These help companies in responding to the competition. In their article; Competing with Giants, they argue that in developing markets, big Multi nationals do not hold all the advantages. They explained the four different ways of positioning for companies in emerging Companies. Their matrix is reproduced below;

Positioning for companies in emerging markets



Source: Niraj and Tonny, Competing with Giants, 1999

A company can use the dodger strategy if its competitive assets are customized to home market and the pressure to globalization in the industry is high. For the same pressure to globalization, the Contender strategy is used if the competitive assets are transferable abroad. Where the pressure to globalization is low, the Defender strategy is used if the competitive assets are customized to home market while the Extender strategy is used if the competitive assets are transferable abroad.

CHAPTER 3
METHODS AND STRATEGIES

3.1 Research methodology

Planning is a key aspect of management process (Core, 1996). It is the most basic of managerial functions. (Appleby, 1994) .With this in mind, A plan was made well in advance on how to conduct the research and which information gathering methods to use. This was one of the key strategies in completing the study successfully. This helped in giving direction to the overall research process even though the study could not be completed on schedule due to some unforeseen circumstances like delay in supply of key information by some business colleges as well as examining bodies.

3.2 Information gathering

Multiple sources of information were used ranging from primary to secondary sources. These also reduced the level of biasness and also speed up the study process. The information needs where focused on finding out what strategies if any are being used by business colleges in Zambia and how this has impacted their growth. Various methods of research were used including: conducting interviews with students and potential students, questionnaires as well as reference to articles from local Newspapers, Internet and Electronic mails.

3.3 Description of methods used to gather information

3.3.1 Interviews

Interviews provided a platform for speaking to people directly involved in running various colleges as well as students who are the direct consumers of the services provided by the colleges. Interviews gave an opportunity to collect external material not available in libraries or any published media. A lot of information was gathered as compared to other sources. The only weakness discovered was that appointments where difficult to arrange and interview sessions where shorter than expected and this only enabled very few questions to be asked. However it was a useful tool for getting information relating to the competitive market environment for business colleges. Most interview questions were unstructured and focused on assessing the level of competition amongst business colleges in Zambia.

3.3.2 Questionnaires

To avoid putting people off, a simple and straightforward questionnaire was designed. The total of 200 questionnaires was administered out of which 170 received a favorable response giving response rate of 85%. This compelled the researcher to place much reliance on the results. The questionnaires were used mainly as a source of information for industry analysis. Respondents were in different categories such as students, sponsors, Lecturers as well as potential students. The 15% non response rate was due to the fact that most students targeted were preparing for the exam at the time of the research and as a result they could not find time to respond to the questions. Many questions were asked through the questionnaires. Some of these questions asked respondents to rank in the order what factors they felt were important for a business college to succeed. Some of these factors included curriculum, School recognition, Alumini caliber of staff and lecturers. Other questions required respondents to predict what the future of business colleges is likely to be in Zambia.

3.3.3 Electronic Sources

This information was readily and cheaply available. Such secondary sources were found to be very helpful and included website searching for journals, bulletins, articles etc. Some of the websites used are; ACCA, ZCAS, ZICA and KDI School.

3.3.4 Library resources

References were made at the following libraries: Zambia Centre for Accountancy Studies (ZCAS), Zambia Institute of Chartered Accountants (ZICA), and British Council library. Books, local newspapers, videos and magazines that addressed strategy-related articles were used from these resources. These proved to be resourceful banks of information.

3.4 Thesis title and Research questions

The thesis title was *"An inquiry into the growth strategy used by business colleges in Zambia."* The essence of this study was to find out the different aspect that makes up a sustainable growth strategy for a business college. As a result, the study focused on explaining the nature of growth strategy that is sustainable in the long run for a business college and why it is necessary as well as the extent to which strategy impact on the performance. In summary, the study was aimed at showing why a growth strategy is necessary.

In order to fully address the study topic above, the following research questions were addressed as they formed the basis for this research.

1. What is growth strategy and why is it necessary? This question was addressed in the section for literature review as it was necessary to have an understanding of strategy and why it is necessary before the research could proceed.
2. Does a growth strategy matter for business colleges in developing countries especially that competition is not yet as intense as in many developed countries? This question was aimed at proving the relative importance of strategy by considering the benefits obtained as a result of employing strategy.

3. To what extent does strategy contribute to success? This question aimed at comparing the extent to which strategy contribute to success, if any and also to what extent lack of strategy contribute to failure.
4. Can growth be achieved accidentally? The myth that, “growth just happens whether or not there is a plan” was analyzed. The aim of this question was to disprove the common “myth” that “growth is spontaneous” –meaning it does not matter whether there is strategy or not.

CHAPTER 4
CASE STUDY OF ZCAS

4.1 Introduction

The Zambia Centre for Accountancy Studies (ZCAS) was incorporated in 1988. The centre offers internationally recognized accountancy, information technology and business courses. It has a diverse customer base with more than 1000 students coming from both within Zambia and abroad. A review of the customer listing showed that some students have come from as far as China, India, Botswana, Swaziland, while local students have come from Government, Companies with others coming in their individual capacities.

4.2 Business description

The College's main business divisions include Professional, Technician, Information Technology, and Short/tailor-made Courses. The Professional division offers internationally recognized Accountancy qualifications like the Association of Chartered Certified Accountants (ACCA). This is the largest business segment which attracts students from different countries in that not every college can offer such programs. As a result, this is the segment which gives an advantage to ZCAS over the competitors. To date more than 900 people have graduated with ACCA and most of them serve in key positions both in Zambia and abroad. The college attained Premier Plus status[5] under the ACCA college grading system in 2005 as one of the best tuition providers in world class Accountancy training.

The Technician division offers three (3) different qualifications. The National Accounting Technician program (NATECH), a local program which is examined by the Zambia Institute of Chartered Accountant (ZICA) .The other two (2) qualifications namely, Certified

[5] Premier plus status is awarded by ACCA to Colleges in the world who consecutively beat ACCA's world's pass rates and has put other quality control measures in place as stipulated by ACCA.

Accounting Technician (CAT), and Association of Accounting Technicians (AAT) are examined from United Kingdom. This is one of the biggest segments for ZCAS and it is the one which is currently facing intense competition in that it is easy to teach technician courses and as a result there are many colleges offering tuitions in these courses.

The Information Technology division offers both short and long term programmes. Short term programmes range from general word processing to databases, presentations software(PowerPoint), Spreadsheets to such specialized areas such as accounting packages, website design, electronic communication(e-mail) amongst others. Long term programmes include the Bachelor of Science (Honors) in Computing and Information Systems which is offered in conjunction with NCC[6] Education Limited, UK and London Greenwich University, UK.

The fourth division deals with short courses/Taylor made programs. Under this division, ZCAS design programmes in Financial Management Accounting, Budgeting, Internal controls, Information Technology, Human Resource Management to client's exact specifications, and requirements.

4.3 Problem description

ZCAS is currently facing competition and its intensity is likely to go up in future. The competition is mainly in the Technician and Professional courses which are key business

[6] NCC is a United Kingdom (UK) based institution which provides internationally recognized IT qualifications with effective and practical business-oriented skills.

segments for ZCAS. In dealing with the above problem, the following chapter deals with an analysis of the market for business colleges in Zambia.

CHAPTER 5
INDUSTRY ANALYSIS: BUSINESS COLLEGES

5.1 Background

Before 1988, most People used to attend Professional Accountancy training mainly in UK because at the time Zambia did not have the capacity to conduct such training. This proved to be expensive for the Zambian government as a whole. As of today, there are many business colleges across Zambia with atleast more than one (1) in each province offering Accountancy training.

5.2 Strategic analysis - The Market for business colleges in Zambia

Today, this market is characterized by both small and large colleges as well as private and government owned. Competition is becoming intense as the number business colleges have continued to increase over the years. The market analysis was achieved by using Porter’s five forces.

5.2.1 Threat of new entrants

The threat is high because the start up costs are very low and it is easy to gain entry as there are no barriers to entry in that there are no restrictive regulations. With the availability of many graduates in recent years, entrants can easily recruit high caliber lecturing staff and this can be used as a basis of competing with the market leader. In the past, this threat was low since there were few graduates making it difficult to recruit Lecturers. At the same time, there were restrictions in that the market was not yet liberalized. In future, more entrants are anticipated.

5.2.2 Bargaining power of buyers

The buyer's power is now high because there are many Colleges in this industry giving buyers wider varieties from which to choose. Consumers also have the propensity to substitute without incurring any cost. This trend will continue in the future due to the introduction of more foreign programs and as a result of having more new entrants. It is important to note that in the past the buyers power was low because there were few colleges with a small variety of courses and entry was restricted making it difficult for buyers to easily substitute without incurring a cost.

5.2.3 Bargaining power of suppliers

This is the only force at the moment which is in favor of ZCAS in that the college has high caliber lecturing compared to their competitors. The college also has premises of their own which is centrally located. The research showed that, 82% of the respondents ranked the caliber of lecturers and staff as the first thing they considered in choosing which college to go to. From the above results, it is worthy concluding that the caliber of lecturers and staff has given ZCAS a competitive edge. With the likely increase in the number of colleges and programs, there is a higher possibility that suppliers bargaining power will be low.

5.2.4 Rivalry in the industry

Over the years, there has been an increase in the number of business colleges as well as the portfolio of courses which are now taught in Zambia. Among the early movers in this industry was Zambia Centre for Accountancy Studies and Chingola School of Accountancy. The numbers of colleges have increased rapidly since the 1990s resulting from the liberalization of the Zambian economy. The research revealed that at the moment, some of the competitors in this industry are; ZCAS, ZICAB, ZABMAC, Evelyn Hone College, NIPA, Green Wood Institute, Lusaka Business and Technical College, ZIBC Trust, Lusaka Business and Technical College, ZAMIM, Premier Accountancy College and NIEC School of Business Management.

The intensity of competition will continue to go up with the coming up of more new colleges and introduction of new programs. However, this will be leveraged in the short run by the increase in the number of ACCA candidates as shown in the tables below;

ACCA Candidates in Zambia

YEAR	**NUMBER OF STUDENTS PER EXAM SITTING**	
	JUNE	**DECEMBER**
2001	1950	1847
2002	2050	2361
2003	2474	2714
2004	2811	3160
2005	3276	3612
2006	3780	4120

Source: ACCA Database

5.2.5 Threat of substitute

This is high especially that many foreign Universities have started to offer their programs in Zambia which was not the case in the past. As a result, many people have become interested in these programs as a way of gaining international recognition. The other reason is that these courses are usually offered on part-time basis making it very convenient for anyone to attend. Substitutes include other courses whether local or foreign. The existence of substitutes can cause prices to go down hence reducing the level of profitability in this industry.

Even though this market is not as attractive as it used to be in the past, it is still ripe for entry .However, it is highly likely that it will be very saturated in the long run. The following diagram summarizes the historical, current and possible future strategic positions of business colleges in Zambia using Porter's five (5) forces model.

Summary of analysis

PORTERS FIVE(5) FORCES	**BEFORE (PAST)**	**NOW (PRESENT)**	**AFTER (FUTURE)**
Threat of entrants	LOW	**HIGH**	HIGH
Bargaining power of buyers	LOW	**HIGH**	HIGH
Bargaining power of suppliers	HIGH	**HIGH**	LOW
Rivalry in the industry	LOW	**MODERATE**	HIGH
Threat of substitute	LOW	**HIGH**	HIGH
Attractiveness	VERY ATTRACTIVE	**ATTRACTIVE**	NOT ATTRACTIVE

Source: Field Survey by Author

CHAPTER 6
PRESENTATION OF FINDINGS

6.1 Introduction

Approximately, 90% of the respondents considered Zambia Centre for Accountancy Studies (ZCAS) to be the largest and market leader. This overwhelming response justified the need to do a case study on ZCAS. About 70% of the respondents named Zambia Institute for Capacity Building (ZICAB) as second largest business college.

6.2 The ZCAS's success story

By using the Balanced Score card (Kaplan & Norton 2005), the findings suggest that the college been able to score successes in many areas as outlined in the remaining sections of the report covered under the following headings; *Financial; Internal business process; Customer perspective*; *Learning & growth*.

Financial; Although the financial data for ZCAS was not made available, it is evident that ZCAS has a strong financial base. This is evidenced by the fact that it manages to pay for all the needs as well as its expansion programmes. It is this which has caused the college to attract high caliber staff with a low labour turnover as compared to most business colleges in Zambia. In comparing the revenue earning potential, an analysis of the tuition fees charged by ZCAS was compared with those charged by ZICAB[7] for the same courses and over the same period. Tabulated below is a comparison of tuition fees of the two (2) colleges for some selected courses in 2007.

[7] ZICAB was considered by most respondents as the second largest Business college

Comparison of tuition fees

	ZCAS		ZICAB	
	US$	**ZMK**	**US$**	**ZMK**
PROFESSIONAL COURSES				
ACCA	$6,800	K30,599,000	$6,311	K28,400,000
CIMA	$6,516	K29,323,000	$5,333	K24,000,000
TECHNICIAN COURSES				
NATECH	$1,488	K6,694,000	$1,022	K4,600,000
CAT	$2,333	K10,498,000	$1,933	K8,700,000

Exchange rate: One US Dollar is equal to Four thousand five hundred Zambian Kwacha

($1 = ZMK4, 500.00)

Internal business process; ZCAS has a strong culture of oneness and knowledge sharing. This leads to efficiency in terms of time spent in delivering courses and caliber of graduates. This capability can not easily be imitated by competitors

Customer perspective; this is evidenced by the size of market share over time which is as a result of satisfying customers .Despite the higher tuition fees compared to its competitors, ZCAS has continued to experience an increase in the number students and graduates. This is because the college has learnt how to create new customers and keep them.

Their quality of service delivery can also be seen in the high pass rates which are well above the world pass rates in the ACCA global examinations. The table below shows that ZCAS has maintained an average of 67% out of the total number of ACCA graduates in Zambia for the period from 2003 to 2006 both years inclusive.

ACCA Graduates: 2003 - 2006

PERIOD (YEAR)	TOTAL GRADUATES	ZCAS GRADUATES	ZCAS AS % OF TOTAL
2003	162	121	75%
2004	109	70	64%
2005	177	119	67%
2006	174	108	62%
		AVERAGE	**67%**

Source: ACCA /ZCAS Databases

Learning & growth is evidenced by continuous investment in research. This has been a major contribution over time to building new capabilities. The college has a department which is specifically in charge of research. This explains why the college has been innovative and usually getting the first mover advantage in the region.

6.3 Reasons of success

ZCAS's success is mainly because of two reasons. Firstly, with reference to Porter's five (5) forces model, in the past, the Zambian industry for business colleges had been very attractive from the point of view of ZCAS. Secondly ZCAS has differentiated itself from the competitors in terms of their operating system, corporate culture as well as a heavy investment in research to mention a few. Below is a full discussion of such advantages and how they helped ZCAS to be where it is today;

- *The ZCAS brand;* this has been a strong core competence over the years in the success of ZCAS. This brand has been sustained by ZCAS's reputation for high quality education, innovation as well as being responsive to customer service.
- *Student placement;* Graduates from ZCAS can easily find jobs by using the college's placement section. This facility attracts a lot of students to study at ZCAS. Some Companies recruit directly from ZCAS because they have confidence in the quality of graduates from this college.
- *Partnership programs;* These partnerships with UK Universities like Oxford Brookes have opened up opportunities for many Zambian to obtain internationally recognized qualifications from such Universities. This has also allowed many people to graduate with more than one qualification within the same period of study. This opportunity attracts a lot of students to study at ZCAS.
- *Good Infrastructure;* ZCAS is well furnished with necessities that are essential for learning. Theses include air conditioned classrooms, Computer laboratories, Library, in and off campus accommodation etc.
- *Transition management;* Managing transitions is an important aspect of successful strategy. Niraj and Tony (1999) write that, "The nature of the industry may change". It is therefore transitional managers who can succeed under such circumstances; this has positively contributed to the success in that staff is flexible to handle any form of change at ZCAS and in the industry as a whole.
- *Positioning;* ZCAS has positioned itself as a leader in the industry not only in Zambia but also in Africa. The college therefore charges premium fees to its customers. These fees are deemed value for money in that the service obtained is worthy the money

paid even though it looks expensive when compared to fees charged by most colleges in the region.

- *Central location;* the college is centrally located in the Capital city of Zambia.
- *First mover advantage/Leadership position in the market*; ZCAS was among the first to enter the market for business colleges long before liberalization of the Zambian economy. This contributed in gaining the largest market share at the time when the industry was very attractive with a lot of restrictions for entrants.
- *Strong human resource management culture;* ZCAS has a strong corporate culture which greatly contributed to its success. Interests of different stakeholders are taken into account.
- *Political will;* The College gets support from the Central government and this gives it a high recognition both local and abroad.
- *Heavy investment in Research*; Unlike most colleges in developing countries, ZCAS has continued to invest in research so as to find ways of serving customers in the best way possible.
- *Relationship with customers;* The College has maintained a stronger relationship with its customers and consumers. This help management in knowing the specific needs of their clients. In line with this, every student is required to participate in the evaluation process where all lecturers are evaluated based on their performance.

6.4 Sustainability of Success

Despite the success over the years, ZCAS has started to face competition in some of its key divisions. This poses a big challenge on ZCAS's maintaining its number one position in this market. The following are some of the key issues underlying this dilemma;

- *Heavy dependence on the Executive Director*; The College has depended heavily on the current Executive Director who in the view of most respondents has greatly contributed to the success of the college. Should this Director leave, the future prosperity of the college may not be guaranteed with certainty.
- *Dependence on government;* There are currently a lot of students sponsored by the government and other government owned institutions. Should this change in future, it is likely to impact on the overall performance of the college.
- *Tough economic conditions in Zambia*; The conditions in the Zambian economy are currently hard making it difficulty for people to raise fees. Therefore, the customers of ZCAS's services may be affected if the economic conditions do not change. In view of this, many potential students may be forced to substitute by doing other courses which are relatively cheaper or the same courses but conducted by cheaper colleges.
- *Increase in competition;* Of late there are a lot of colleges opening up to offer courses similar to those conducted at ZCAS. This is increasing the intensity of the competition in this industry. The slow economy is also likely to intensify the price competition. This will increase pressure on ZCAS's maintaining its number one position.

- *Competitor innovations;* While ZCAS has only partnership programs for first degrees, some competitors, namely ZICAB and ZIBCT have entered into partnership to offer Masters Degree program. This has made the above colleges to become popular and competitive. If ZCAS does not move quickly, this will also affect it in maintaining its position as market leader. This is because most consumers would want to attain a master's degree level of education and as such some people consider the college offering such training to be more superior to those which do not.

CHAPTER 7
CONCLUSIONS AND LIMITATIONS

7.1 Conclusions/Implications of the study

The purpose of this study was to make an inquiry into growth strategy used by business colleges in Zambia. Before this study, most research on growth and strategy in general did not focus on business colleges in developing countries. The results suggest that, although competition is becoming intense, many colleges have managed to survive because the market is not yet saturated.

It is however worth noting that even though many colleges have managed to survive, their performance is far below compared to ZCAS. This is because such colleges have not put much reliance on growth strategy as ZCAS has done. This simply shows how important a growth strategy has become even for business colleges in developing countries because competition is now becoming intense. The performance gap is likely to widen in future between those colleges with a strategy from those with none as a result of the intense competition.

There is enough evidence to show the extent to which strategy contribute to success both from existing literature and from this study. Many respondents observed that most colleges failed due to lack of strategy. Despite the competition not being intense in the past, it was felt by most respondents that all surviving colleges have some form of strategy in place even though the level differ from one college to another. The level of strategy applied was cited as the source of the differences in the performance of the colleges. However, there was a limitation in the scope in that the study was only conducted in Lusaka the capital city of Zambia. As a result, it was difficult to collect data on companies that failed due to lack of strategy. For the failed colleges in Lusaka, the information was hard to find since such colleges are no longer operating.

In summary, this study has shown that Growth strategy is necessary and matters for the survival of business colleges in developing countries. The study has also shown that Growth can not be achieved accidentally, it is planned. It is therefore clear that growth strategy has been the key driver of ZCAS' success.

7.2 Managerial implications

There is no substitute for a growth strategy. Both profit making and non profit making colleges are encouraged to use a growth strategy as it affects the performance of any college. Although earlier research on the subject had been conducted in developed countries, it is clear that the findings may also apply to developing countries. In view of this, emerging business colleges in Zambia should take advantage of the increase in the number of Accountancy students in order to increase their market share.

In the absence of competition, it is possible for a company to grow without much application of strategy because customers buy not because they want to but that they have no other option. However, the trend is now changing with an increase in competition. In today's competitive market, it is wrong to conclude that, "growth just happens whether or not there is a plan". In short growth is planned. Managers should therefore take note of the need for continuous improvement in their service delivery as well as the quality of their offerings; otherwise they are likely to loose their market share to competitors.

The brand name and company's positioning is key to the success of any business college. To effectively build this position, it is worthy noting that the quality of Lecturers plays an important role as the case of ZCAS where the college has reputation for high quality education, innovation as well as being responsive to customer service.

7.3 Limitations of the study

A number of limitations were encountered which limited the scope of this study.

- Firstly, even though the study focussed on business colleges in Zambia, information was only gathered in one City, Lusaka[8]. Even though most colleges are situated here, getting information from other provinces would have resulted in varied results in that it would have enabled detailed analysis
- Secondly, most of the information derived from the research was historic and might not necessary indicate what the future is likely to be.
- Thirdly, time as limiting factor did not allow further research.
- Fourthly, financial information and other needed information for this study could not be released as it was considered to be very strategic. In the absence of such information it was difficulty to go deeper in the analysis.
- Lastly, the fact that most business colleges are not profit oriented while others are profit oriented made it difficult in making a fair comparison because of differences in objectives.

[8] Lusaka is the capital city of Zambia

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