

**AN ASSESSMENT OF THE OPERATING EFFICIENCY
AND PROFITABILITY OF INCOME-GENERATING
ACTIVITIES: A CASE OF KENYATTA UNIVERSITY.**

BY:

**OTOLO, MARGARET KANINI
DEPARTMENT OF ACCOUNTING
KENYATTA UNIVERSITY.**

***SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION
(MBA) OF KENYATTA UNIVERSITY***

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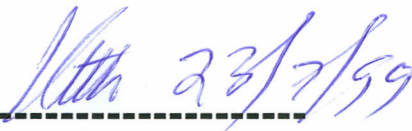
DECLARATION

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



OTOLO, MARGARET KANINI

This project is submitted for examination with my approval as university supervisor.



**K. Atheru
Senior lecturer
Department of Accounting**

DEDICATION

I wish to dedicate this work to the two great men in my life. My husband the late Eng. Roger Toka Obedi Otolo, whose pride in my achievements was my satisfaction and fulfillment and my father, the late Mr. Philip Nyaga whose faith in my ability fuelled my determination to excel.

Finally, I am deeply indebted to my classmate and friend, Mr. Peter Kigen, whose tireless effort, guidance, encouragement and support were instrumental in the completion of this project. I am also grateful to my friends and family who have been so kind and helpful in providing me with the necessary resources and to my colleagues who have provided me with the necessary information and assistance.

I also wish to express my sincere gratitude to my parents, Mr. and Mrs. Peter Kigen, for their love, support, encouragement and fruitful advice throughout the entire duration of this program. I am also grateful to my friends, Mr. P. Kigen, Mr. P. Kigen and Mr. A. Riech, all of Kenyatta University and all other individuals who have kindly provided me with the information and assistance necessary for this study.

Last but not least, I wish to express my deepest gratitude to my husband the late Roger, my children and my parents for their unwavering support, understanding and encouragement throughout the period of my study.

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I am grateful to quite a number of individuals who contributed immensely towards the completion of this study. First and foremost Mr. K. Atheru my supervisor, who patiently and systematically guided me throughout the study. His insight in the topic under investigation made it possible for him to accord me very useful comments and ideas without which this study would not have been successfully completed.

I am also grateful to all the MBA lecturers who due to their commitment to the timely completion of the program availed themselves and equipped me with the skill and knowledge necessary in carrying out this study.

Thirdly, I am deeply indebted to my classmate and mentor Mr. A. Jagongo whose tireless effort, guidance, commitment and sacrifice to my successful completion of this project is beyond description. This project would not have been completed without his persistent encouragement, reassurance, and an endless sacrifice even at those times when giving up was a definite option.

I also wish to express my sincere gratitude to my other classmates whose continued support, encouragement and fruitful discussions played a great role in the completion of this program. I am equally thankful to Mrs. P. Kigen, Prof. D. Nderitu and Mr. A. Riechi all of Kenyatta University and all other individuals who willingly provided me with the information and assistance necessary for this study.

Last but not least, I wish to express my deeply felt gratitude to my husband the late Roger, my children and my parents for their continued support, understanding and encouragement throughout the period of my study.

ABSTRACT

Institutional income generation continues to assume importance especially during this period when the country is undergoing difficult economic conditions that have forced the government to reduce the financial assistance to public universities. Public institutions have been challenged to be innovative and to revitalise the existing production units and create others to generate income. At the time of this study, it was evident that some income-generating activities had been initiated at Kenyatta University, but it is apparent that the potential did not seem to have been sufficiently exploited.

This study was carried out to assess the efficiency and profitability of the income-generating units at Kenyatta University. The study sought to analyse what kind of IGAs were in existence, how they were managed and what calibre of personnel managed them, and what factors hindered their growth and the takeoff of potential IGAs.

Seventeen income generating units were visited, where structured questionnaire, interview, and personal observations were used to collect data.

The study established that efficiency of the IGAs was affected by among other factors, the lack of proper feasibility study to ascertain the economic viability before too much resource investment was put in. Poor planning, unprofessional management of the IGAs, ineffective policy on IGAs and inadequate central administration support and goodwill were also said to be affecting the efficiency of the IGAs.

In light of the research findings, this study has suggested that a policy on the operations of the IGAs be clearly spelt out and communicated to the interested parties, a centralised body be established with such functions as advisory, supervisory, co-ordination and appraisal of the IGAs. It was also recommended that the personnel working in these IGAs should be rationalised and trained to acquire appropriate skills to conceptualise the respective IGA units as profit centers.

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CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

The journey to university status for Kenyatta University started in 1965 when the British government handed over the Templer Barracks to the Kenya government. Soon after the barracks were converted into an institution of higher learning known as Kenyatta College.

Following an act of parliament of 1970, Kenyatta College became a constituent college of the University of Nairobi and the name was changed to Kenyatta University College.

In 1972, the college admitted its first batch of 200 students to pursue studies leading to the award of Bachelor of Education degree of the University of Nairobi. The university status was achieved on August 23, 1985, when the Kenyatta University Act received presidential assent making the institution a fully-fledged university. During this period, there was increasing demand for university education as observed by (Riechi, 1993)

‘Owing to the cumulative private demand for higher education, Kenya’s public universities are expected to accept ever-increasing enrolment. Public education in Kenya depended on fiscal resources but in recent years adverse economic conditions and the inter-sectoral competition for public funds have reduced the

governments ability to finance expanding university education without seeking additional sources of revenue'. (Riechi, 1993)

This demand gave rise to the establishment of more public universities, whereby Kenyatta University became the third university to be established after Nairobi and Moi universities. Presently there are five public universities in Kenya.

At Kenyatta University, the student enrolment has been increasing annually up to 1995 when the figure for undergraduate students was 9020. Since then, the enrolment numbers have been decreasing gradually as shown in the table 1:

TABLE 1: STUDENT ENROLMENT FIGURES 1995-98

Academic year	No. of students
1997/98	6753
1996/97	8280
1995/96	9020

The growth of the student population was notably rapid between the years 1985 and 1995 when the demand for university education was intense. This drastic increase was not matched by a corresponding increase in government grants to the University. This made it extremely difficult for the University to meet its financial obligations. It was therefore imperative that the University looks for alternative sources of funding.

According to the national development plan (1994-95), universities should look for alternative sources of generating income in view of the scarcity of resources available.

Jamil (1991) observed that the expansion of university education has surpassed the initial expectation. This implies that the government can no longer adequately cope with funding university education. Consequently Kenyatta University, as well as all other public universities, has to re-examine its financial position and find ways to improve its financial status to be able to cope with the prevailing difficult economic conditions.

It is therefore imperative that for Kenyatta University to adequately face the challenges of the 21st century with respect to the provision of quality education through the enhancement of teaching and research, quality human resources, modern infrastructure and sustainable financial resource base are needed.

The researcher observes that Kenyatta University must play a pivotal role in supporting the envisaged national economic and industrial take-off by the year 2020. The realization of this role depends upon the acquisition of the latest technology, attraction and retention of quality teaching staff, involvement in research and development activities and establishing strong linkages with industry, among other factors. However all these require capital, which as observed earlier, is not being adequately provided for by the government.

With little or no additional government funding being available, public universities need to mobilize new sources and forms of finance (Court 1990).

The resources at the university should be diversified meaning-fully to generate funds as observed by Albrecht and Ziderman, (1991).

‘In order for institutions to carry out their duties efficiently and effectively, they need to have autonomy, be innovative to re-deploy their resources and respond to market demands. Institutions should seek funding from alternative sources....’

(Albrecht and Ziderman, 1991)

With the prevailing harsh economic conditions and diminishing government funding, public institutions must be innovative and should revitalize the existing production units and create others purely on commercial basis with the aim of making profit, like the private sector.

There is evidence of some income generation at Kenyatta University, but apparently the potential has not been sufficiently exploited. There is therefore an urgent need to develop these units further and find ways and means of improving their efficiency.

1.2 STATEMENT OF THE PROBLEM.

At the time of this study the grant received by the University from the government was not adequate to cover the University's financial requirements as shown in the table 2:

TABLE 2: CAPITATION VS EXPENDITURE FOR KENYATTA UNIVERSITY 1995-99

Financial year	% increase in capitation	% increase in expenditure	% deficit
1995/96 – 1996/97	5.6	7.8	2.2
1996/97 – 1997/98	9.2	15.0	5.8
1997/98 – 1998/99	4.0	17.9	13.9

It is observed from the table that although both the capitation and the expenditure have been increasing annually, the capitation has been increasing at a lower rate. Consequently, this has created a budget deficit that has widened drastically over the years. It is also observed that whereas the expenditure has been increasing consistently at an increasing rate, the capitation has in the last 2 years increased but at a decreasing rate. This trend may indicate a possible further decline in fiscal funding to the University.

The increasing trend in the University's expenditure was mainly due to high maintenance costs, increasing welfare demands from students and staff, and the rising

inflation rate in the country's economy, among other economic factors. To bridge the budget deficit and be self-sustaining, the University had to look for alternative sources of funds. It is for this reason that the University started many income-generating activities. These activities ranged from new academic programs, eating-places, hiring-out of University facilities and offering consultancy services.

For meaningful income to be realized, these income-generating activities required efficient and effective management. However there was a general belief that these units were not operating optimally.

Since there was an apparent need for all public institutions in Kenya to look for alternative means of generating income, it was evidently necessary that the management of these income-generating activities be scrutinized with a view of improving them so that they could realize their full potential.

This study therefore attempted to investigate the operating efficiency and profitability of the income generating activities at Kenyatta University.

1.3 RESEARCH QUESTIONS

This study sought to answer the following research questions: -

- i. what income-generating activities were existing at Kenyatta University?

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Since there was an apparent need for all public institutions in Kenya to look for alternative means of generating income, it was evidently necessary that the management of these income-generating activities be scrutinized with a view of improving them so that they could realize their full potential.

This study therefore attempted to investigate the operating efficiency and profitability of the income generating activities at Kenyatta University.

1.3 RESEARCH QUESTIONS

This study sought to answer the following research questions: -

- i. what income-generating activities were existing at Kenyatta University?

- ii. how were they managed?
- iii. what factors hindered the growth of the income - generating activities at Kenyatta University?
- iv. what resources were employed in the income-generating activities
vis-à-vis turnover?
- v. what was the concept of profit in the income -generating units?
- vi. what profits had the income-generating activities made in the past three years?

1.4 RESEARCH OBJECTIVES

The following specific objectives were considered: -

- i. to identify the income - generating activities at Kenyatta University
- ii. to determine the factors that affected the operations of the income- generating activities.
- iii. to determine the factors that hindered the growth and expansion of the income - generating activities.
- iv. to recommend procedures that would improve the performance of income - generating activities at Kenyatta University.

1.5 SIGNIFICANCE OF THE STUDY

at the time of the study there was a lot of pressure on the Kenyan public universities to generate income using their own resources to supplement the government grant. An attempt by the various government corporations to achieve financial independence and self-sustenance was a prevalent trend.

Owing to the prevailing economic constraints facing the University, there was an urgent need to re-examine the operations of the income generating activities in the University, with a view to improving their potentiality.

There was therefore an urgent need to analyze the operational efficiency of all the income generating activities in the University. The results of this study would therefore assist the University to identify and concentrate on viable income -generating projects that would enhance financial self-reliance. It was also hoped that the results of this study would help to reduce the inefficiency level and formulate strategies for more effective utilization of the University resources to ensure optimal productivity.

1.6 SCOPE OF THE STUDY

The study examined the operations of all existing income-generating activities in Kenyatta University. By content, this study covered the following areas: -

- ◆ the utilization of the facilities found in these units
- ◆ the financial management and control
- ◆ the management of human resources and
- ◆ the effects of central management control
- ◆ the availability of potential income -generating activities

CHAPTER 2: LITERATURE REVIEW

Mbajjorgu (1991) carried out a study on the experiences of African universities for the period 1981-1990. The research was funded and supported by the Association of African Universities and took a sample of six universities in Africa. The researcher found out that the universities had been experiencing serious funding problems. The study results revealed that the grants received from the government had either been drastically reduced or had failed to keep pace with the dynamic economic conditions which resulted into rising costs of inputs into the educational systems. The study also indicated that the reduction on government funds was due to the perceived need to compel the universities to review their financial management practices and to adopt cost-effective measures. It was implied from these findings that the universities were capable of generating funds using their own resources.

The survey further indicated that the University of Kumasi (Ghana) raised a substantial amount of money as internal income from its enterprises which were self-supporting and self-accounting. At the University of Nigeria, it was found out that the University had generated handsome amount of internal income by offering courses on full-cost fee basis for sandwich and part-time programmes.

At the University of Sierra Leone, funds generation under the management of the Institute of Public Administration, which was run by a board of directors, was found to be outstanding. The Institute offered short and long term courses at full-cost fee, which were operated strictly on business principles.

The University of Dar-es-Salaam was found to rely substantially on internally generated income arising from well managed auxiliary enterprises.

This study also found out that the Anabara State University of Technology owed its funds generation performance mainly on high student fees, fees charged for commercial programmes and the hire of University property.

In conclusion, this study recommended that universities needed to diversify their services to ensure a fuller utilization of their resources. He also suggested that income-generating units should be autonomous, self-supporting and self-accounting.

Ayiku (1990), took a survey of the situations of universities in Africa and reviewed the status of university linkages with industry sector. This study was also carried out on behalf of the Association of African Universities. The results indicated that in Africa there was no clearly defined institutional framework for effective university – production sector linkages. It also revealed that even in the universities where linkages existed, they were weak, poorly financed and largely inefficient to generate meaningful support financially and otherwise.

However, the University of Technology and Consultancy Center, and the University Science and Technology both in Ghana, were found to be having strong collaboration with intermediate technology groups in the USA, UK, and the Philippines in the search for appropriate technology. The Center had for instance developed technologies appropriate for the manufacture of soap, leather bags, glue and metal products, and was operating as a small-scale industry for income generation. Based on the results of this survey, he recommended that African universities should establish effective linkages with the industry. He also recommended that one solution to the financial constraints was to extend the role of African universities beyond the traditional teaching and research. He stated that there was the need to link some activities of the universities to the productive sector.

Blair (1991), carried out a study commissioned by the World Bank to assess the progress and the potential of financial diversification and income generation at selected African universities. The survey revealed that a large number of academics were involved in consultancy services but at no financial benefit to their institutions. He found out that many institutions had a considerable potential for generating income from consultancy.

In an analysis of university recurrent and capital budgets, Blair established that most universities drew the greater part of their financial support from the government except

for a few universities in South Africa. Results of this study also indicated that the majority of students were treated to relatively free tuition and accommodation. Nevertheless, the survey also established that it was acceptable to many countries that it was time the students met the costs of education, accommodation and living expenses and that the potential for cost-recovery through fees collection was reasonable.

In conclusion, Blair's recommendations were four - fold: -

- i. that the universities should be more enterprising
- ii. that the universities should make use of their resources to generate income to supplement fiscal support.
- iii. that the universities should form consultancy firms to help generate funds.
- iv. that tuition fee is gradually increased gradually and total fee charged ultimately. He suggested a 20% phased plan.

A study on ways of financing education in developing countries carried out by the World Bank (1986) indicated that cost- recovery measures would generate reasonable revenue without having adverse effects on enrolment levels. Resulting from this finding, many African universities have introduced cost-sharing procedures to finance their programs.

Riechi (1993) carried out a study on the internal sources of funds in Kenya's public universities. The purpose of the study was to identify existing and potential income-

generating activities in the public universities and also find out how they were managed.

The major findings of this survey were:

- i. that Kenyan public universities obtained about 90% of their financial requirements from the government, and the remaining 10% from internal sources and international and local donors.
- ii. that out of the institutions studied, University of Nairobi generated the highest amount of revenue from internal sources.
- iii. that each of the institutions studied had their potential of generating funds from internal sources.
- iv. that the problems facing income-generating units were mainly caused by the management structure of public universities and lack of autonomy in their management.

He also observed that if an enterprising business environment were created in public universities, their resources could be re-organised to generate additional income.

In this study, Riechi recommended:

- that all public universities should develop existing income-generating units and commercialize more of the service units found viable.

- that all income-generating units should be left to operate autonomously and should be managed professionally.

Owigar (1994) studied the potential income-generation activities at the University of Nairobi. The purpose of the study was to identify the types of resources available for income-generating activities, identify alternative ways of raising extra funds and establish possible hindrances to income generating activities at the University of Nairobi.

The study found out that the University of Nairobi is well endowed with resources to carry out a number of business ventures. These resources include human expertise, abundant student skills and labour, physical facilities and vast land. The strategic location of the University of Nairobi also offers it the opportunity to mount parallel degree programs alongside the normal programs and part-time tuition. The study indicated that many faculty members were involved individually in entrepreneurial activities, but were also willing to actively participate in the University's income-generating activities. The students were also willing to participate but at a fee.

The study recommended that the University should diversify its services to ensure a fuller utilization of its resource capacity, and also put in place measures that would improve the efficiency levels.

In conclusion, these studies reviewed indicate very clearly that the government funding to public universities in Africa has been declining and that there is great potential for internal income generation from the resources of these universities. These studies revealed that some income generating activities had been established in the universities. However no systematic research has been carried out to assess the performance of the existing income-generating units and the possibilities for improvement.

This study therefore seeks to assess the efficiency and profitability of the income-generating activities at Kenyatta University.

3.3 SAMPLING STRATEGY

The population under study was stratified into academic and non-academic income-generating units that were officially recognized as (or believed to be) generating activities by the University management, and other units that were believed to be generating substantial income. Each unit in the stratum was surveyed independently. A total of seventeen respondents were interviewed.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter describes the research methodology that was used in this study. It details out the population studied, the sampling strategy, the data collection procedure, and tools for data processing and analysis.

3.2 TARGET POPULATION

The researcher assessed the efficiency and profitability of income generating activities at Kenyatta University. The population under study was made up of all income-generating units at the University.

3.3 SAMPLING STRATEGY

The population under study was stratified into academic and non-academic income-generating units that were officially recognized as IGAs (income - generating activities) by the University management, and other units that were believed to be generating substantial income. Each unit in the stratum was surveyed independently. A total of seventeen respondents were interviewed.

3.4 DATA COLLECTION

Both primary and secondary data was used in this study. Primary data was gathered directly from the officers in-charge of the income - generating units while secondary data was sought from the available documented records. Data on policy issues regarding income-generating activities was sought from the relevant offices of the University.

Data collection instruments included the questionnaire, interview and personal observation.

4.1 DATA ANALYSIS

Data collected from this research was analysed using statistical tools. Both qualitative and quantitative analysis were used. Microsoft Excel, SPSS and Microsoft Word computer software were used for the analysis and reporting.

The results are presented in descriptive tabular, percentage and ratios form.

4.3 DATA FINDINGS

To achieve the specific objectives of the study, various factors were investigated. These included:

CHAPTER 4: FINDINGS AND INTERPRETATION

4.1 INTRODUCTION

The objective of this study was to identify the existing income generating activities at Kenyatta University, determine the factors that affect the operations of these IGAs, determine the factors that hindered the growth and expansion of these IGAs, determine the level of the operating efficiency and profitability of the IGAs and recommend procedures that would improve the efficiency of income generation in the University. This chapter presents data gathered from interviews of 17 respondents, the IGA office and own observations of the researcher.

4.2 DATA ANALYSIS

Data collected from this research was coded, computer formatted and tabulated. Both qualitative and quantitative analysis was used. Microsoft Excel, SPSS and Microsoft Word computer software were used for the analysis and reporting.

The results are presented in descriptive, tabular, percentages and ratios form.

4.3 DATA FINDINGS

To achieve the specific objectives of the study, various factors were investigated. These included: -

- identifying the IGAs in existence, establishing when they were started, and the resources they utilized.
- determining the revenue generated and the expenditure incurred by the IGAs over a period of three years.
- establishing the factors that impacted on the management efficiency of the IGAs and
- determining whether there were other potential IGAs, which could be exploited.

The study found out that there were two categories of IGAs: -

- a) those recognized by the university management as income generating units, and whose accounting records were maintained at the University finance department. These were found to be grouped into academic units and non-academic units.
- b) those units that generated some form of income but were not recognized as IGAs by the university management.

4.3.1 IGAs IN EXISTENCE.

The study revealed that the University recognized the following as IGAs

a) Academic units

- ◆ Bureau of Training and Consultancy (BTC)
- ◆ Bookshop
- ◆ Computer Centre

- ◆ Postgraduate Diploma in Education (PGDE)
- ◆ African Virtual University (AVU)
- ◆ Curio shops
- ◆ Information Technology (IT)
- ◆ Trimester
- ◆ International Summer Program
- ◆ School of Continuing Education

b) Non - academic units

- ◆ Nyayo kitchen
- ◆ Ruwenzori kitchen
- ◆ Mugumo Restaurant
- ◆ Out - of - Africa Restaurant
- ◆ Students Center
- ◆ Mt Kenya Restaurant

Of the respondents interviewed, 45% were those that generated some form of income but were not recognized as IGAs by the University, out of which 89% stated that they were income - generating units. 85% of the units recognized by the University were interviewed, out of which 15% stated that they were not involved income generating activities.

The study also revealed that there were many activities carried out by various departments in the University to generate income. These included: -

- ◆ hiring out of various University facilities and equipment for non- university functions e.g. swimming pool, sports facilities, vehicles and halls.
- ◆ offering special programs for further education e.g. PGDE, MBA (part-time), B.Ed (Primary option), B.Ed (Secondary option), Postgraduate diploma in Public Relations, M.Ed (PTE), certificate programs e.g. computer literacy, KATC, CPA, Pre - university and Secretarial courses .
- ◆ selling of various items e.g. textbooks, stationery, sports wear ,fuel and food
- ◆ offering services such as accommodation (guest-housing), restaurant and electronic communications e.g. through E-mail, fax, E-commerce, exploring the internet, and use of the digital library.

TABLE 3: IGAS USED IN THE STUDY

IGA UNIT	DATE STARTED	RESOURCE INVESTMENTS	Source of funds for daily operations
Games & sports	1997	Personnel and facilities e.g. Swimming pool pitches.	Seed money
Bookshop	1992	Personnel	imprests
P.R. program	1999	Personnel	Imprests
Performing and	1997	Personnel, equipment	Imprests

Creative Arts			
Child Care unit	1993	Personnel and furniture	Retained earnings
Transport	1999	Personnel, vehicles , fuel	Imprests
Tailoring	1998	Sewing machines, personnel	Imprests
PGDE	1995	Personnel & computers	Imprests
Mugumo Restaurant	1996	Personnel, & kitchen equipment	Seed money
Out of Africa Restaurant	1997	Personnel & kitchen equipment	Seed money
Mt. Kenya Restaurant	1997	Personnel & kitchen equipment	Seed money
Computer Center	1995	Personnel, computers	Imprests
BTC	1993	Personnel	Imprests
Housing	1997	Personnel and houses	Imprests
School Of Continuing Education	1998	Personnel	Imprests
MBA(part-time)	1997	Personnel	Imprests
AVU	1997	Personnel and computers	Imprests

4.4 PERFORMANCE TREND OF IGAs

To determine whether the IGAs were operating profitably, the study analyzed the trend of their output over a period of three years. The result of this analysis is presented in tabular and graphical forms in this chapter.

4.4.1 INCOME AND EXPENDITURE LEVEL FOR THE PERIOD 1996- 1999

TABLE 4: INCOME AND EXPENDITURE LEVEL –1996-99

o	INCOME			EXPENDITURE		
	1996/97	1997/98	1998/99	1996/97	1997/98	1998/99
	16,000.00	10,000.00	16,000.00	154,800.00	153,000.00	204,800.00
	750,000.00	750,000.00	1,714,590.00	412,500.00	412,500.00	1,780,319.00
	* *	* *	578,500.00	* *	* *	463,000.00
	600,000.00	600,000.00	600,000.00	180,000	180,000	180,000
	240,000.00	240,000.00	240,000.00	172,000.00	172,000.00	172,000.00
	405,000.00	460,000.00	1,240,000.00	121,500	138,000	372,000.000
	* *	240,000.00	2,000,000.00	**	72,000.00	600,000.00
	14,500,000.00	16,100,000.00	19,847,444.00	12,850,000.00	13,130,000.00	14,152,424.00
	**	1,000,000.00	16,000,000.00	500,000.00	1,100,000.00	12,800,000.00
	1,131,516.00	1,504,957.00	1,730,405.00	1,194,362.00	1,512,165.00	1,624,048.00
	**	150,000.00	149,145.00	* *	115,940.00	115,684.00
	* *	102,000.00	239,395.00	* *	110,723.00	151,942.00
	1,956,665.00	1,710,783.00	684,228.00	799,625.00	725,860.00	446,032.00
	2,009,386.00	2,500,000.00	1,671,669.00	1,821,334.00	1,968,518.00	1,819,119.00
	1,000,000.00	1,000,000.00	1,000,000.00	340,000.00	340,000.00	340,000.00
	* *	4,000,000.00	65,000,000.00	* *	1,446,175.00	26,600,000.00
	900,000.00	1,350,000.00	700,000.00	446,400.00	934,200.00	562,800.00

TABLE 4: (Continued) SURPLUS/DEFICIT-1996-99

SURPLUS / DEFICIT			
Respo	1996/97	1997/98	1998/99
1	(138,800.00)	(143,000.00)	(188,800.00)
2	337,500.00	337,500.00	(65,729.00)
3	* *	* *	115,500.00
4	420,000.00	420,000.00	420,000.00
5	68,000.00	68,000.00	68,000.00
6	283,500.00	322,000.00	868,000.00
7	* *	168,000.00	1,400,000.00
8	1,650,000.00	2,970,000.00	5,695,020.00
9	(500,000.00)	(100,000.00)	3,200,000.00
10	(62,846.00)	(7,208.00)	106,357.00
11	* *	34,060.00	33,461.00
12	* *	(8,723.00)	87,453.00
13	1,157,040.00	984,923.00	238,196.00
14	188,052.00	531,482.00	(147,450.00)
15	660,000.00	660,000.00	660,000.00
16	* *	2,553,825.00	38,400,000.00
17	453,600.00	415,800.00	137,200.00

N.B. Respo refers to respondents (IGA units) interviewed. The identity of the respondents was withheld for the sake of confidentiality.

*** Refers to non-existent IGAs*

From the table above, it is evident that some IGAs were not existing in 1996 and a few others were still not operational as IGAs in 1997. As stated in the earlier sections of this

chapter, this was mainly because the need to look for alternative sources of funding by public universities was a recent development.

TABLE 5: INCOME LEVEL

Income range	1996/97	1997/98	1998/99
0-99,999	5%	5%	5%
100,000-499,999	12%	29%	24%
500,000-999,999	18%	12%	12%
1000000 and above	29%	41%	59 %

The study sought to find out the amount of income generated by the existing IGAs, AS shown in table 5 above. From the table, it is observed that 36% and 13% were not in operation in 1996/97 and 1997/98 respectively. Of those in operation, 47% realized income levels above 0.5million in 1996/97, while 53% and 71% realized this level in the consequent years respectively. The increasing trend in the number of units with high-income levels was associated to many new entrants of income generating activities. The level of income is also presented graphically below.

IGA INCOME LEVEL 1996/97/98/99

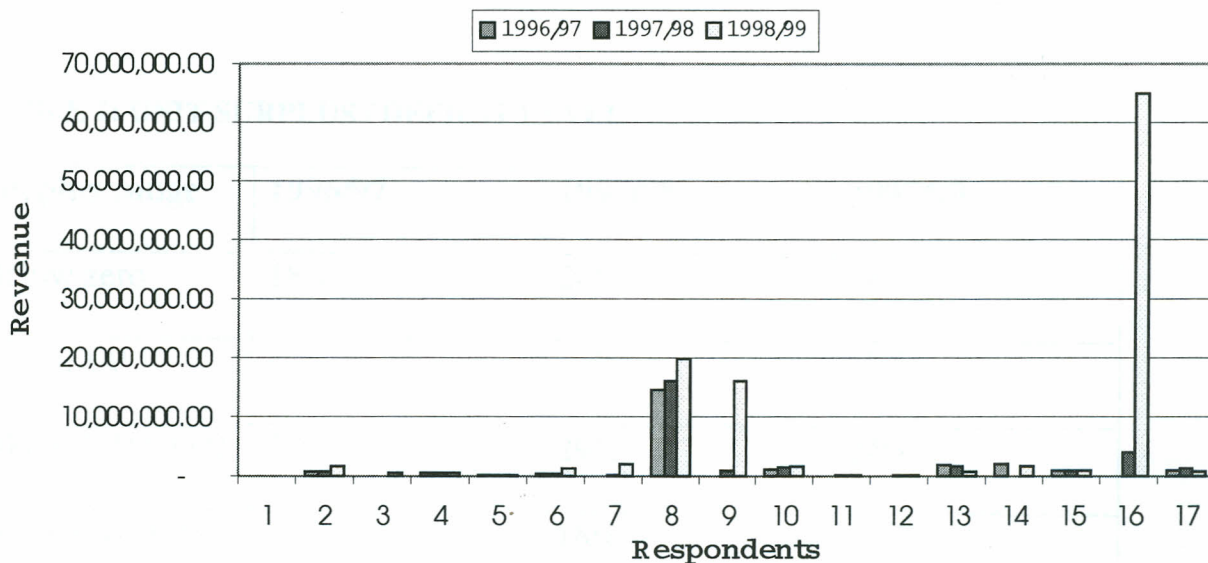


TABLE 6: EXPENDITURE LEVEL

Expenditure range	1996/97	1997/98	1998/99
0-99,999	0%	6%	0%
100,000-499,999	41%	41%	47%
500,000-999,999	12%	12%	6%
1,000,000 and above	18%	29%	35%

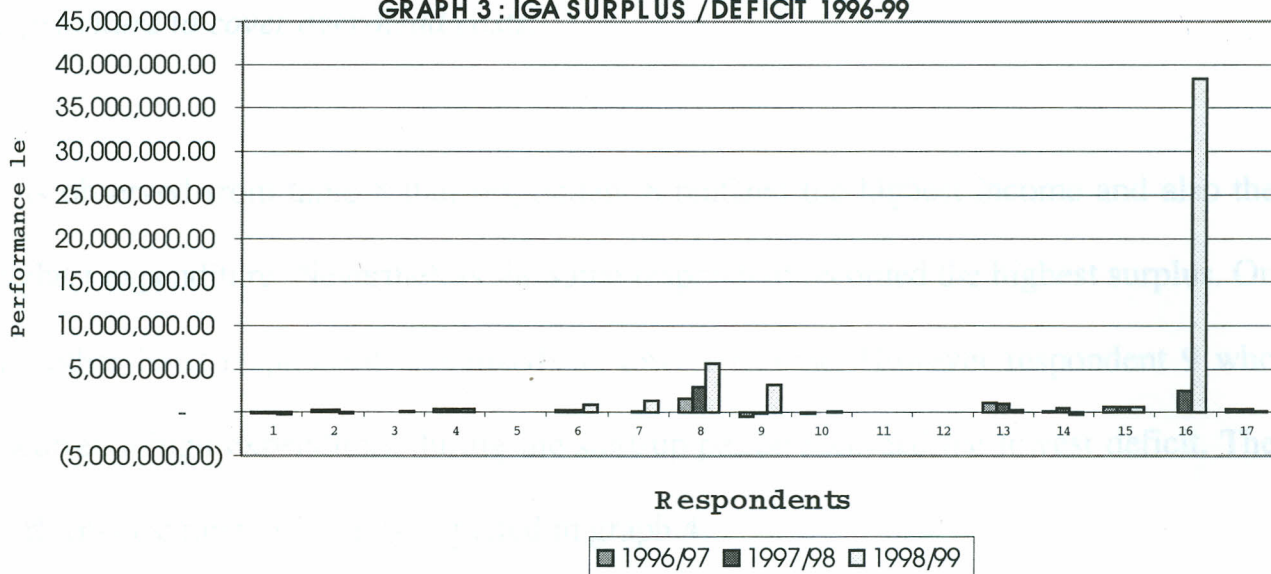
It was observed that 58% of the respondents had reliable records of their expenditures. The study gathered various reasons for the non-existence of good records of expenditures at the IGA units, with the main reason being that all the income generated was controlled from the central administration, hence the unit management could not directly relate their expenditure to their revenue. It was also found out that some units were not able to separate the expenditure incurred for income generation and the expenditure incurred on regular operations. This barrier hindered about 50% of the respondents from providing information on their expenditure level.

TABLE 7: UNIT SURPLUS / DEFICIT LEVEL

Surplus range	1996/97	1997/98	1998/99
Below zero	18%	24%	18%
0-100,000	6%	12%	18%
100,001-500,000	29%	29%	24%
500001-1000,000	6%	18%	12%
Above 1000000	12%	12%	24 %

As is evident from table 7, 18%, 24%, and 18% of the respondents realized deficits during the three years under study respectively. The highest concentration of the respondents had a surplus of less than one million in the entire study period. The surplus trend in the IGAs is depicted in graph 3:

GRAPH 3 : IGA SURPLUS /DEFICIT 1996-99



4.4.2 ANNUAL PERFORMANCE LEVEL OF IGAs

TABLE 8: 1996/97 PERFORMANCE LEVEL

Respo	INCOME	EXPENDITURE	SURPLUS/DEFICIT
1	16,000.00	154,800.00	(138,800.00)
2	750,000.00	412,500.00	337,500.00
3	**	**	
4	600,000.00	180,000.00	420,000.00
5	240,000.00	172,000.00	68,000.00
6	405,000.00	121,500.00	283,500.00
7	**	**	
8	14,500,000.00	12,850,000.00	1,650,000.00
9	**	500,000.00	(500,000.00)
10	1,131,516.00	1,194,362.00	(62,846.00)
11	**	**	
12	**	**	
13	1,956,665.00	799,625.00	1,157,040.00
14	2,009,386.00	1,821,334.00	188,052.00
15	1,000,000.00	340,000.00	660,000.00
16	**	**	
17	900,000.00	446,400.00	453,600.00

N.B. To arrive at profitability level, 30% of the income was added to the annual expenditure to cover over-head costs.

It is observed from table 8 that respondent 8 realized the highest income and also the highest expenditure. Nevertheless the same respondent recorded the highest surplus. On the other hand respondent 1 realized the lowest income. However respondent 9 who incurred a high expenditure during the start-up period recorded the lowest deficit. The performance range is vividly depicted in graph 4

GRAPH 4: PROFITABILITY LEVEL OF GAS - 1996/97

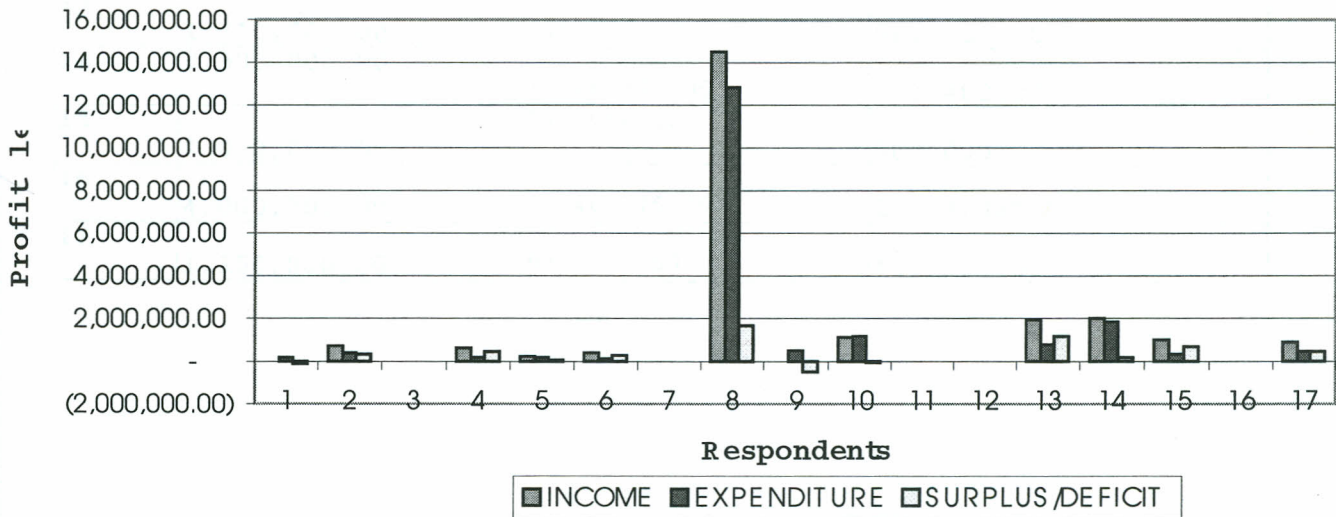
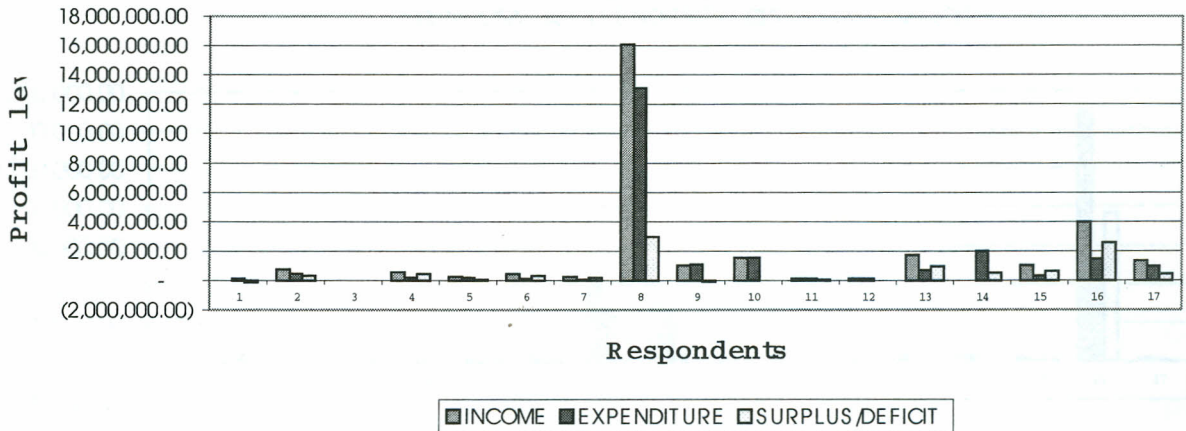


TABLE 9: 1997/98 PERFORMANCE LEVEL.

Respo	INCOME	EXPENDITURE	SURPLUS/DEFICIT
1	10,000.00	153,000.00	(143,000.00)
2	750,000.00	412,500.00	337,500.00
3	* *	* *	* *
4	600,000.00	180,000	420,000.00
5	240,000.00	172,000.00	68,000.00
6	460,000.00	138,000	322,000.00
7	240,000.00	72,000.00	168,000.00
8	16,100,000.00	13,130,000.00	2,970,000.00
9	1,000,000.00	1,100,000.00	(100,000.00)
10	1,504,957.00	1,512,165.00	(7,208.00)
11	150,000.00	115,940.00	34,060.00
12	102,000.00	110,723.00	(8,723.00)
13	1,710,783.00	725,860.00	984,923.00
14	2,500,000.00	1,968,518.00	531,482.00
15	1,000,000.00	340,000.00	660,000.00
16	4,000,000.00	1,446,175.00	2,553,825.00
17	1,350,000.00	934,200.00	415,800.00

GRAPH 5: PROFITABILITY OF GAS - 1997/98

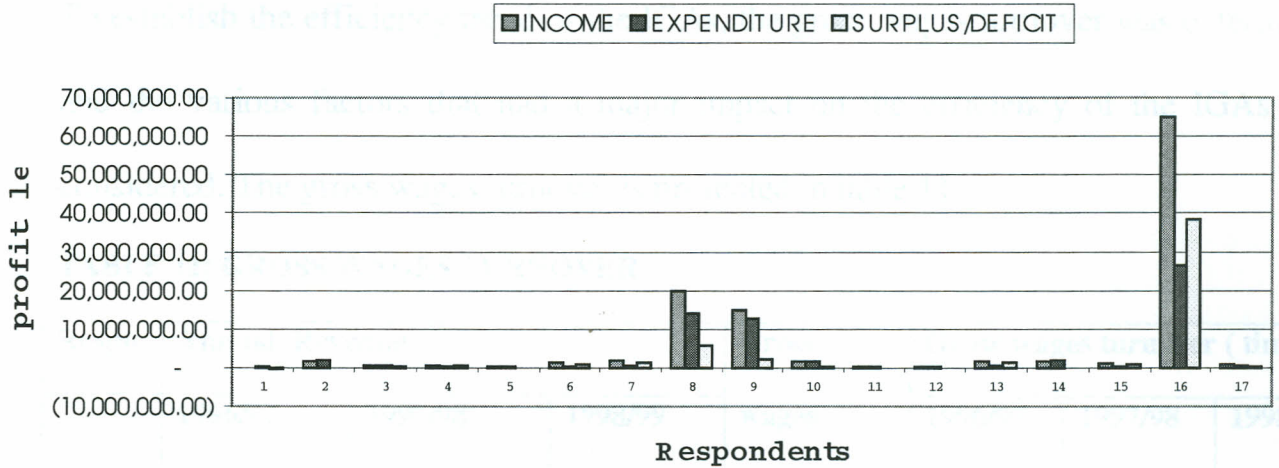


As seen in table 9 and graph 5 above, the highest income was realized by respondent 8 however this respondents expenditure was so high (81% of the income) that the surplus realized was just 18% of the income.

TABLE 10: 1998/99 PERFORMANCE LEVEL

Respo	INCOME	EXPENDITURE	SURPLUS/DEFICIT
1	16,000.00	204,800.00	(188,800.00)
2	1,714,590.00	1,780,319.00	(65,729.00)
3	578,500.00	463,000.00	115,500.00
4	600,000.00	180,000	420,000.00
5	240,000.00	172,000.00	68,000.00
6	1,240,000.00	372,000	868,000.00
7	2,000,000.00	600,000.00	1,400,000.00
8	19,847,444.00	14,152,424.00	5,695,020.00
9	15,000,000.00	12,800,000.00	2,200,000.00
10	1,730,405.00	1,624,048.00	106,357.00
11	149,145.00	115,684.00	33,461.00
12	239,395.00	151,942.00	87,453.00
13	1,684,228.00	446,032.00	1,238,196.00
14	1,671,669.00	1,819,119.00	(147,450.00)
15	1,000,000.00	340,000.00	660,000.00
16	65,000,000.00	26,600,000.00	38,400,000.00
17	700,000.00	562,800.00	137,200.00

GRAPH 6: PROFITABILITY OF IGAs - 1998/99



From table 10 and graph 6 above, it is noted that respondent 16 realized the highest income. This was the highest income realized in the entire duration of the study. It contributed 57% of the total income realized that year. Although the expenditure incurred by respondent 8 was quite high in comparison, the surplus was also fairly high (59% of the income). The other meaningful surplus was realized by respondent 8 (29% of her income)

In conclusion, the researcher observes that by 1998/99, most of the IGAs were still realizing very negligible income. Only 18% of the respondents were realizing income levels above 10,000,000. Also only 29% of the respondents were realizing surplus level above 1,000,000. 18% of the respondents realized deficits in that year as in the other years in the study period.

4.5 EFFICIENCY TREND OF THE IGAs

To establish the efficiency trend of the IGAs, the gross wages turnover was determined and the various factors that had a major impact on the efficiency of the IGAs also considered. The gross wages turnover is presented in table 11.

TABLE 11: GROSS WAGES TURNOVER

Respo	Annual Revenue			Gross wages	Gross wages turnover (times)		
	1996/97	1997/98	1998/99		1996/97	1997/98	1998/99
							9
1	16,000	10,000	16,000	2,468,160	0.006	0.004	0.006
2	750,000	750,000	1,714,590	1,214,640	0.62	0.62	1.41
3	* *	* *	578,500	***	***	***	***
4	600,000	600,000	600,000	2,390,040	0.25	0.25	0.25
5	240,000	240,000	240,000	385,920	0.62	0.62	0.62
6	405,000	460,000	1,240,000	5,390,520	0.075	0.085	0.23
7	* *	240,000	2,000,000	1,053,940	**	0.23	1.90
8	14,500,000	16,100,000	19,847,444	1,079,180	13.44	14.83	18.39
9	**	1,000,000	16,000,000	1,680,480	**	0.60	9.52
10	1,131,516	1,504,957	1,730,405	946,440	1.20	1.60	1.83
11	**	150,000	149,145	1,547,900	**	0.10	0.10
12	**	102,000	239,395	1,355,660	**	0.08	0.18
13	1,956,665	1,710,783	684,228	198,600	1.15	1.01	0.40
14	2,009,386	2,500,000	1,671,669	1,299,900	1.55	1.92	1.29
15	1,000,000	1,000,000	1,000,000	1'322,160	0.76	0.76	0.76
16	**	4,000,000	65,000,000	1,640,260	**	2.44	39.63
17	900,000	1,350,000	700,000	352,800	2.55	3.83	1.98

NB. ** Refers to the IGA not in existence * refers to data on staff not available**

TABLE 12: EFFICIENCY TREND

Range	1996/97	1997/98	1998/99
0 – 0.9 times	35%	59%	47%
1 – 10 times	18%	24%	29%
Over 10 times	6%	6%	12%

From table 12 above it observed that 35%, 59% and 47% of the respondents realized less than one shilling in return for every shilling invested in wages during the period under study. 18%, 24% and 29% realized between 1-10 shillings while 6%, 6% and 12% of the respondents realized over 10 shillings for every shilling invested in wages. It is therefore evident that the majority of the IGAs realized less than one shilling in return on investment in wages for the entire duration of the study. This suggests that there is need to rationalize staff in most IGAs to meet the modern business philosophy of *shilling for shilling* in relation to staff.

4.6 FACTORS AFFECTING THE EFFICIENCY OF THE IGA UNITS

4.6.1 MOTIVATION OF THE EMPLOYEES

71% of the respondents stated that staff motivation was low while 12% stated that it was high. Various ways of improving motivation such as better remuneration, overtime and bonus payment, training, rewards and recognition were suggested.

4.6.2 STAFF TURNOVER

64% of the respondents stated that the staff turnover in the IGA units was low while 35% stated that it was moderate.

It is thus observed that employees stayed in the various IGA units for a very long time and this in itself could affect the efficiency of these units.

4.6.3 TRAINING

As observed earlier, 89% stated that employees in IGA units did not attend refresher courses at all, while only 11 % attended as need arose. This could also adversely affect the efficiency of the IGA units.

4.6.4. CONTROL OF THE INCOME

It was observed that 88% of the respondents stated that the IGAs did not retain control of the income they generated, and that lack of control affected the efficiency of the units.

4.6.5 SHARING FORMULA OF THE INCOME

Only 12% of the respondents had an idea about the stated University sharing formula of the income generated. Although aware, these respondents expressed skepticism as to whether the formula was actually applied. They also felt dissatisfied with the formula itself wondering how the 30:70 percentage was arrived at, and expressed the need to have it revised.

4.6.6 IGA POLICY

88% of the respondents stated that there was no clear-cut policy on IGAs, if at all it existed. They stated that without a clear policy about the various issues around which IGAs operate, the efficiency of the IGA units would always leave a lot to be desired.

The researcher observed that there was no readily available document on the IGA policy in Kenyatta University.

4.6.7 QUALITY OF STAFF

The survey revealed that most of the IGA units were dissatisfied with the quality of their staff (88% of the respondents). The heads of these units stated that the efficiency of the units could be enhanced if they had a choice in the selection of their workers. This was because the workers were randomly and frequently posted /transferred to and withdrawn from the units without any reference to the heads of the units and with little consideration to their qualifications and experience.

The study also revealed that the units could not operate optimally because they either had too many employees or too few to be effective. The attitude and perception of the employees towards the concept of income generation was found to be dissatisfactory. This was associated to the fact that most of the employees had worked in these units for a long time particularly when the main and only objective was service. Many IGAs suggested re-training, exposure and even redeployment if need be.

4.7 FACTORS INFLUENCING THE PERFORMANCE OF IGAs

One of the objectives of the study was to determine the causes of inefficiency and their impact on the profitability of the IGAs. The findings revealed the existence of high correlation among factors that influence the operations of the IGAs. Factors considered in this study included: - educational and professional qualification of personnel, record keeping and control of funds, the management structure, concept and determination of profit, distribution of the income, price determination, staff turnover, training and motivation.

4.7.1 PRICING OF GOODS AND SERVICES

Out of the total population in the study, 65% of the respondents charged their goods at the prevailing market rates. It would therefore be expected that since the market determined the rates, these respondents would be realizing profits from their operations, all other factors being constant.

4.7.2 PROFITABILITY CONCEPT

65% of the respondents stated that their objective was to make profit, 24% were found to be non-profit, while 11% stated other objectives that did not consider profitability of the operation as being significant.

Of the total population under study, 42% of the respondents defined profit as total revenue less the cost of consumables while 24% defined profit conventionally i.e. total revenue less total operating expenses. 18% did not have either of these two definitions.

Consequently, it is observed that only a very small percentage i.e. 24% put into consideration all the operating expenses in their determination of profit. The larger percentage of the population did not consider the costs of electricity, water, salaries, rent etc in determining profitability. The researcher observed that there was no close correlation between the stated IGA objective, the definition of profit and the accounting procedures of determining profit. This implied that majority of the IGAs might not be operating profitably. Evidence of this is represented in the profitability data elsewhere in this project. It should also be reiterated here that in arriving at profitability, 30% of the income was added to expenditure to cover the over head costs.

4.7.3 CONTROL OF THE INCOME

100% of the respondents had no control of how the income generated was utilized. 87% of these respondents stated that lack of independence in the control of the income generated was not satisfactory for the efficient operation of the individual units. They stated that they would prefer a situation where they exerted some control on how the income generated was spent to generate more.

4.7.4 MANAGEMENT OF THE IGAs

24% of the population under study reported directly to the central administration, 24% had two levels in between them and central administration, 18% three levels and 29% four levels respectively. Of the respondent, 12% found the management structure

highly satisfactory, 76% found it satisfactory, and 18% found it unsatisfactory. For the structure to be highly satisfactory, the respondents recommended one that would not overload the chief executive, enhance transparency and accountability, encourage autonomy and speedy decision making and feedback. In addition, many respondents suggested that the chain of command be adhered to as much as possible.

4.7.5 QUALIFICATIONS

a) Academic

71% of the respondents stated that the head of the IGA unit had University level of education, 35% had secondary level while 6% had a level of education that was slightly higher than primary but lower than secondary.

b) Professional

18% of the respondents stated that the head of the IGA unit had the relevant professional qualifications to head the IGA, while 65% stated that the head of the IGA unit did not have the relevant professional qualifications.

6% of the respondents stated that none of the employees working in the unit had relevant professional qualification, 29% had half of them professionally qualified, 6% stated three quarters of them and 6% stated that all the employees had the relevant professional qualifications. 59% of the respondents stated that failure to have relevant qualifications by the staff in the IGA adversely affected the efficiency of the unit, and recommended professional training for the employees or that only those with the relevant professional qualifications should be appointed to the IGA units so that these

units can perform more efficiently. This implied that the education level and relevant professional qualification of the personnel working in the IGA units had a major impact on the performance of the IGAs.

c) Training

52% of the respondents stated that the staff in the IGAs have never attended refresher courses, 6% stated that they attended occasionally and 12% stated that they attended as need arose 88% of the respondents stated that lack of regular training was not satisfactory for the efficiency of the IGA units, and they recommended an urgent need for it to be introduced. Many respondents indicated that inadequate refresher courses or retraining limited the level of exposure, which resulted in staff non-responsiveness to change.

4.7.6 CENTRALIZED CO-ORDINATING BOARD

70% of the respondents stated that there was need for the University to establish a centralized coordinating Board for all the IGAs in the University. Some of the functions of that Board were said to be mainly advisory, supervisory and coordination of the various IGAs. On notification that such a board existed, they stated that they were not aware of its existence.

4.7.7. RECORDS

88% of the respondents stated that there was proper record keeping in the IGA. 64% of these respondents stated that these records were monitored daily, 12% stated that they were monitored weekly, 29% fortnight and 18% monthly.

It was however observed by the researcher that most IGAs only kept a record of the revenue they generated and not the expenditure. Other IGAs maintained very poor records.

4.8 POTENTIAL IGAs

88% of the respondents stated that there were potential IGAs in their units that had not been started. These ranged from service programs, craft and training at graduate level, to more daring projects e.g. real estate. More specifically, some of the potential IGAs enumerated by the respondents were: -

a) SERVICE PROGRAMMES

- i. Outside Catering.
- ii. Accommodation in Halls of residence to non-students
- iii. Hospital and mortuary services.
- iv. Guidance and Counseling services
- v. Laundry and dry-cleaning services
- vi. Snack shop or restaurant by Thika Gate
- vii. Telephone, e-mail and Tele-fax services
- viii. Computer support tools including video conferencing, documents repositories and electronic meeting rooms
- ix. Typesetting, Printing (colour) and scanning.

- x. Computer Maintenance and communication equipment services
- xi. Commuter services

b) CONSULTANCIES

- i. Y2K Risk Management
- ii. Consultancy in Information Technology
- iii. Human Resource Training and Management.
- iv. Total Quality Management
- v. Management of Change
- vi. Entrepreneurial and Small Business Management
- vii. Marketing and Sales Strategies
- viii. Financial Management

c) TRAINING

- i. Programs for computer systems engineers and technicians
- ii. Certificate/Postgraduate Diploma in Performing Arts
- iii. Certificate in Tailoring and Dressmaking
- iv. Diploma in Personnel and Human Resource Development
- v. School – based M.Ed. (General)
- vi. Parallel Degree Programs.

d) COMMERCIAL ENTERPRISES

- i. Primary and Secondary schools

- ii. Furniture shop
- iii. Chemist and pharmacy
- iv. Sports shop
- v. Textbook Center
- vi. Supermarket/General store
- vii. Bakery
- viii. Piggery
- ix. Flour mill
- x. Dairy and chicken farming
- xi. Petrol station
- xii. Rental residential houses/flats, etc
- xiii. Vehicle maintenance garage and spare parts shop

Several factors were indicated to explain the reasons as to why these projects had not been started. The reasons included lack of central management support and goodwill, lack of adequate facilities & equipment, skills and capital, low staff motivation and morale. Lack of an enabling management structure to encourage and support the initiation of potential IGAs was cited as a major hindrance.

4.9 LIMITATIONS OF THE STUDY

The study encountered a few hindrances that limited the success. These included: -

- i) The time available to undertake the research was short
- ii) It was the intention of the researcher to analyze the financial trends of the respective IGAs, but this was not fully achieved because some IGAs could not separate expenditures on income generation from those incurred on regular operations.
- iii) Most of the units visited were found to have dual functions i.e. performing activities specifically to fulfill the University mission and also generating income. Consequently it was extremely difficult to obtain data related purely to income-generating activities.
- iv) it was difficult to obtain data from some respondents for fear that the findings would reveal a lot about them.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

This study set out to assess the efficiency and profitability of the IGAs at Kenyatta University. The results revealed that IGAs are generally operating with high levels of inefficiency. Several factors were given for this.

The inefficiencies were largely attributed to: - use of unqualified staff especially in the running of the non- academic IGAs, inadequate planning and forecasting while starting the IGAs, too many and at times too few staff employed in these units, negative attitude and perceptions of the employees in these units, among others.

Centralization of control by the University was cited as one major hindrance to autonomy, which prohibited the unit managers from making own judgements and decisions, a factor which was found to cause a lot of frustrations amongst the IGA personnel. To this factor many IGAs proposed the institution of a centralized body whose functions would be advisory, supervisory, coordination and appraisal of the IGAs.

Poor motivation and low morale was also indicated as a reason for the poor performance of most of the IGAs. Many IGAs visited suggested that a practical policy

on the sharing of the income be put in place. The results revealed that the 70:30 sharing ratio was outdated, unrealistic and had not been effectively implemented. The general opinion was that if a more agreeable ratio was put in place, it would be possible to provide incentives and inducements in inform of pay rises, bonuses, and overtime payments.

The results also revealed that inadequate and/or obsolete equipment and facilities affected the efficiency of the IGAs. Many IGAs were of the opinion that a feasibility study to identify the needs of the IGAs should be carried out with a view of providing modern and adequate facilities and equipment. This would make the IGAs more competitive and in line with the situation in the liberalized market.

The location of some IGAs was also cited as a reason for the dismal performance. For instance, it was found out that the vehicle fuelling point presently situated at the transport yard would probably realize higher income if it was situated along the busy Thika Road. The same was said for the Out-of-Africa Restaurant and the Health Unit. The Science Workshop was said to be one of those units that would attract more customers if situated in the central business district in Nairobi, or even at Githurai.

Training was also cited as an essential ingredient if the IGAs were expected to perform more efficiently. It was found out that those employees working in the IGAs either

lacked essential skills or rarely attended refresher courses. These would not only make them better informed, but would also equip them with the necessary knowledge and skills essential for commercial enterprises.

Other factors found to be impacting negatively on the performance of the IGAs included wrong perception of the profit concept, poor record keeping and improper accounting procedures. Lack of an enabling management infrastructure and was also indicated as a prohibitive factor.

5.2 RECOMMENDATIONS OF THE STUDY

From the above discussion, the study made the following recommendations: -

- i) the policy on the operations of the IGAs be clearly spelt out and communicated to all the stakeholders.
- ii) a feasibility study is carried out to establish the economic viability of the existing and potential IGAs.
- iii) a centralized body is established whose functions would be advisory, supervisory, co-ordination and appraisal of all IGAs. The membership of this body to include the managers of the IGAs, the University management and representatives of all the stakeholders.

- iv) employees working in IGAs are trained so as to acquire the appropriate skills necessary for the efficient performance of the units.
- v) the remuneration of the employees working in IGAs is appraised with a view of improving morale. Such incentives as payment of overtime and bonus are introduced to improve motivation.
- vi) there should be technical and administrative independence and reasonable financial autonomy that would enable the IGAs to operate as commercial enterprises. In addition, central administration support and goodwill be ensured to encourage creativity, initiative, and a sense of responsibility within the personnel working in IGAs.

5.3 SUGGESTIONS FOR FURTHER RESEARCH

This study sought to assess the profitability and efficiency of IGAs in Kenyatta University. However, to strengthen the findings of this study, further investigations are done in the following areas: -

- i) the viability and profitability of each IGA Unit
- ii) the factors hindering the take-off of potential IGAs.
- iii) the role of marketing in the performance of IGAs.

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“An Assessment of the Operating Efficiency and Profitability of Income - generating Activities: A case of Kenyatta University.”

QUESTIONNAIRE

Information collected from this questionnaire will be treated as strictly confidential and will be used only for this academic study.

Please put a tick, a listing or a brief explanation where appropriate.

Designation/ title of interviewee -----

Faculty / Department/ Section/Unit -----

1.Are there income generating activities in your department?

- Yes
- No

2. If yes, list in order of importance

- i. -----
- ii. -----
- iii. -----
- iv. -----
- v. -----

3. When were these income-generating activities established?

ACTIVITY	YEAR

4. What resources (both physical and human) are utilized for these income-generating activities?

- i. -----
- ii. -----
- iii. -----
- iv. -----
- v. -----

5. What would be the equivalent rent payable to Kenyatta University for these premises? -----

6. How much revenue does your department generate per month/semester?

7. Are the prices of goods/services in this IGA charged at market rate?

- Yes
- No

8. If no, what are the prices based on?

9. State the objectives of the income-generating activities in your department

- Profit-making
- Non profit- making
- Other (specify)-----

10.If the objective is to make profit, how do you define the profit?

- Total revenue less operating expenses(cost of consumables)
- Total revenue less total operating expenses (cost of consumables + electricity + water +staff salaries + rent + miscellaneous costs)
- Other (specify) -----

11. How much **Revenue** and **Profit** have been made from the income generating activities in the last three years?

ACTIVITY	YEAR	REVENUE	PROFIT
TOTAL			

12. Does this unit retain control of the income generated?

Yes

No

13. If No, where is it controlled?

14. Is this satisfactory for the efficiency of this unit?

Yes

No

15. If No, suggest how you would prefer this done.

16. How is the income generated shared in percentages?

Central Administration	
Developments Fund	
Faculty	
Department	
The IGA unit	
Direct Labour / service (Staff)	
TOTAL	100%

17. Is this sharing arrangement satisfactory?

- Yes
- No

18. If No, state your preference.

Central Administration	
Developments Fund	
Faculty	
Department	
The IGA unit	
Direct Labour/service (Staff)	
TOTAL	100%

19. What is the management structure of your income generating unit(s)?

- Head of unit → VC
- Head of unit → depart. Head → VC
- Head of unit → depart. Head → DVC → VC
- Head of unit → Section head → depart. Head → DVC → VC
- Head of unit → Section heads → depart. Head → Registrar → DVC → VC
- Other (specify) -----

20. To what extent can this management structure be judged satisfactory?

- Highly satisfactory
- Satisfactory
- unsatisfactory
- Highly unsatisfactory

21. What suggestions can be made on this management structure for improvement, if need be?

- i. -----
- ii. -----
- iii. -----
- iv. -----

22. What was the source of the initial capital for the income-generating unit?

- University
- World Bank
- Research grant
- Other (specify)-----

- None
- Primary
- Secondary
- University
- Other (specify)-----

23. How much have you spent on direct consumables in the last 3 years? (Expenses that can be avoided if this activity is not operational)

Year	Amount

24. How does the income-generating unit get funds for the daily operations?

- Seed money
- Imprests
- Retained earnings
- Other (specify)-----

25. What is the designation of the head of this income-generating unit?

A quarter of them

26. State the qualifications of the head of this income-generating unit?

a) Academic qualifications

- None
- Primary
- Secondary
- University
- Other (specify)-----

b) Professional qualifications

27. How many employees work in this unit? -----

28. What are their categories and job grades? (Please fill in the table below)

Category	Number	Job grades
Other (specify)		

29. How many of these employees hold the relevant professional qualifications?

- None of them
- A quarter of them
- A half of them
- Three –quarters of them
- All of them

30. Is this satisfactory for the efficiency of this unit?

- Yes
- No

31. If No, what is advisable?

32. How often do they attend refresher courses?

- Regularly
- Occasionally
- As need arises
- Never at all
- Other (specify) -----

33. Is this satisfactory for the efficiency of this unit?

- Yes
- No

34. If No, what is advisable?

35. How would the level of staff motivation in this unit be described?

- Very high
- High
- Low
- Very low

36. What could be done to raise the level of staff motivation, if need be?

37. How would the staff turnover in this unit be described?

- Very high
- High
- Moderate
- Low

38. What is the effect of this level of staff turnover on the efficiency of this unit?

39. Is there proper record -keeping in this unit?

- Yes
- No

40. If Yes, how frequently are the records monitored?

- Daily
- Weekly
- Fortnightly
- Monthly
- Annually

41. Is it advisable to establish a centralized coordinating board for all the income-generating units in Kenyatta University?

Yes

No

42. If Yes, suggest some of the specific functions of this board.

43. What factors affect the efficiency of this unit? (List in order of importance)

- i. -----
- ii. -----
- iii. -----
- iv. -----

44. Are there other potential income generating activities which can be started by your department?

Yes

No

45. If Yes, list in order of priority.

- i. -----
- ii. -----
- iii. -----
- iv. -----

46. Why have they not been started?

i. -----

ii. -----

iii. -----

iv. -----

47. Are there any other suggestions that you wish to add about the management of income generating activities at Kenyatta University?



KENYATTA UNIVERSITY
FACULTY OF COMMERCE
DEAN'S OFFICE

P.O. Box 43844
Nairobi, Kenya
Tel. 810901-12

Date 29th June, 1999

Our Ref.....

Your Ref.

TO WHOM IT MAY CONCERN

RE: RESEARCH ACTIVITY BY MARGARET K. OTOLO

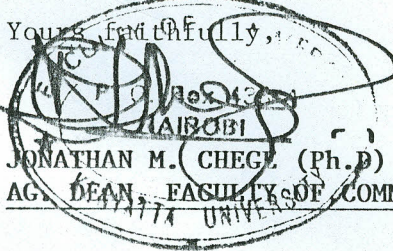
This is to confirm that the above named is an MBA student in the Faculty of Commerce in Kenyatta University. She is carrying out a research project on "An Assessment of the Operating Efficiency and Profitability of Income-generating Activities: A case of Kenyatta University".

The research findings will be used for academic purposes only and will be treated with utmost confidentiality.

Any assistance accorded to her will be highly appreciated.

Thank you.

Yours faithfully,


JONATHAN M. CHEGE (Ph.D)
AG. DEAN, FACULTY OF COMMERCE
KENYATTA UNIVERSITY

c.c. Chairman, Department of Accounting

WMW/wm

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