

INFLUENCE OF PORTER'S GENERIC STRATEGIES ON PERFORMANCE OF
PRIVATE CHARTERED UNIVERSITIES IN KENYA

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THESIS SUBMITTED TO THE OFFICE OF GRADUATE SCHOOL IN PARTIAL
FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTERS DEGREE
IN BUSINESS ADMINISTRATION, STRATEGIC MANAGEMENT

PAN AFRICA CHRISTIAN UNIVERSITY

JULY 2019

DECLARATION

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

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DEDICATION

To my mum and my dad, thank you for being a great source of encouragement and inspiration in my life and always believing in me.

ACKNOWLEDGEMENTS

My intense gratitude and deep regards to my supervisors Dr. Wilson Odiyo and Dr. Walter Ongeti for the academic insight and professional support. I also thank the entire teaching fraternity of Pan Africa Christian University for their mentorship and training; I can't forget to thank my dear classmates who in one way or another lent me a helping hand. Special thanks to my family for their moral support, encouragement and patience. Lastly, I thank the almighty God for good health, strength and knowledge throughout my study.

ABBREVIATIONS AND ACRONYMS

CUE: Commission for University Education

SPSS: Statistical Package for Social Sciences

ANOVA: Analysis of Variance

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DEFINITION OF TERMS

Cost Leadership Strategy: Strategy used by businesses to create a low cost of operation within their niche. The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry (Strickland, 2014).

Differentiation Strategy: It is an approach that an organization takes to develop a unique product or service that customers will find better than or in another way distinctive from products or services offered by competitors. Differentiation strategy is a way for a business to distinguish itself from the competition (Nelson, 2017).

Focus Strategy: A marketing strategy in which an organization concentrates its resources on entering or expanding in a narrow market or industry segment. A focus strategy is usually employed where the organization knows its segment and has products to competitively satisfy its needs (Klein, 2015).

Performance: An analysis of an organization achievement as compared to the set goals and objectives (Brown, 2015).

Porter Generic Strategies: These are general types of strategies that are commonly used by businesses to achieve and maintain competitive advantage in the market (Porter, 1985)

Private Chartered Universities: These are institutions of higher learning that are fully managed by the private investors and the government is not involved in the process of administration (Koigi, Kiragu, Marwa & Theuri, 2018)

Strategy: A plan of action taken by an organization to find ways to succeed and improve in the performance level (Abdolshah, Moghimi & Khatibi, 2018).

ABSTRACT

As the numbers of private universities continue to grow, competition for market survival has intensified. Competition for survival has been the guiding force for existence and it has been associated with the performance of the Chartered private Universities in Kenya. Porter's Generic Strategies have been an epitome of any organization successful performance. The general objective of the study was to establish the influence of Porter's Generic Strategies on performance of private universities in Kenya. The specific objectives were influence of differentiation, Focus and cost leadership strategies on performance of private universities in Kenya. Porter's Generic Competitive Strategies, Theory of Dynamic capabilities and Resource based theories were used to inform the study. The study adopted a descriptive survey design. This study targeted registrars, directors, chairpersons of departments and finance officers of the 13-chartered private universities in Kenya. Due to the small population, this study adopted a census method approach. Primary data was collected through the administration of the questionnaires with a Likert scale. Cronbach's Alpha was used for the five point Likert scale items where all the statements were said to be reliable thus suitable to collect data. This study used correlation and regression to link the relationship between the independent and dependent variables. Regression results showed that differentiation strategy ($r=0.218$, $p=0.000$), Focus strategy ($r=0.094$, $p=0.006$) and cost leadership strategy ($r=0.116$, $p=0.001$) were positively and significantly related to performance of private universities in Kenya. The study concluded that differentiation strategies that can be adopted in universities are diverse, ranging from quality in terms of qualified lecturers and teaching methods used, value addition and adoption of technology in universities; incentive programs in terms of availability of recreational facilities and diverse programs and students experience with reference to duration of learning and formulation of policies that are favorable to students in universities. The study recommended that the management of the private universities have an important role to offer advice, information and intelligence and thereby to think strategically for the future of the whole organization. They are expected to think and act strategically in their own areas of responsibility. This is particularly important if the educational and business environment is different for the departments of the educational institution. The study further recommended for unique higher education marketing strategies that help raise awareness of courses and programs while bringing in new students and resources needed to sustain online programs.

CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

Introduction to the study

The chapter introduces the background of the study, statement of the problem, objectives of the study, research hypotheses, and significance of the study, scope limitations and the delimitations of the study. The study seeks to establish the influence of porter's generic strategies on performance of private chartered universities in Kenya.

Background of the Study

Organizations exist in an open system and they affect and are affected by external conditions that are largely beyond their control (Santoro Vrontis, Thrassou & Dezi, 2018). A firm's external environment consists of all the conditions that affect its strategic options and define its competitive situation (Barrick, Thurgood, Smith & Courtright, 2015). Organizations obtain their inputs from their environment and after transformation; they discharge their outputs into the same environment (Porter, 1985). Therefore for an organization to succeed in achieving its objectives, it must pay close attention to its external environment. They do this by engaging in strategic planning. Strategic planning is a continuous process in administration which links goal-setting, policy-making, short-term and long-term planning, budgeting and spans all levels of the organisation (Juha, 2013). The rapid pace of change means that strategy is an evolving, on-going and uncertain process.

Porter's Generic Strategies

The concept of generic strategies is based on the premise that there are a number of ways in which competitive advantage can be achieved depending on the industry structure (Allen & Helms, 2016). If all firms in an industry followed the principles of competitive strategy, each would choose different bases for competitive advantage and while not all would succeed, the generic strategies provide alternate routes to superior performance (Wicker, Soebbing, Feiler & Breuer, 2015). The generic strategies are approaches to outperforming competitors in the industry. Porter (1985) identifies three potentially successful generic strategic approaches to outperforming other firms in an industry. These are differentiation, Focus, and cost leadership. This section describes the generic strategies presented by Porter (1985) and explores how heads of departments can use them to define the strategies of departments.

Differentiation strategy is a management practice approach where an organization takes to develop a unique product or service that customers will find better than or in another way distinctive from products or services offered by competitors. Differentiation strategy is a way for an organization to distinguish itself from the competition through technological leadership, enhanced customer delivery and product promotion (Nelson, 2017). The advantage of uniqueness may be in the form of customer service, design, brand image or technology. Nelson (2017) further advises that differentiation extends beyond the characteristics of the product or service, to include every possible interaction between the firm and its customers.

Focus strategy is a management practice where an organization concentrates its resources on entering or expanding in a narrow market or industry segment. A focus strategy is

usually employed where the organization knows its segment and has products to competitively satisfy its needs (Klein, 2015). The focus strategy can be based on broad or narrow market scope, where broad refers to the overall market and narrow refers to one market segment only. Focus can be facilitated through Focused planning and efficiency controls.

Cost leadership strategy is a strategy that is used by the organizations to create a low cost of operation within their niche. The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry (Strickland, 2014). Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reductions in areas such as research and development, service and marketing. A great deal of managerial attention is necessary in order to achieve cost efficiency. Low cost also provides a defence against input cost increases. Achieving a low overall cost position often requires favourable access to input.

Organizational Performance

The performance of any business organization is affected by the strategies the organization has chosen (Mutuku, 2015). Porter's Generic Strategies that include differentiation, Focus, and cost leadership strategies defines the purpose of the organization and the plans and actions to achieve performance. The performance in universities is measured by factors such as student turnover to completion, university high ranking, motivated workforce and quality of learning among others.

The adoption of Porter's Generic Strategies in terms of differentiation, Focus, and cost leadership strategies leads to high organization performance. Improper considerations in the process of implementation of strategy can also act as an impediment to attaining

optimal organization performance if not well managed (Zehir, Can & Karaboga, 2015). Porter's Generic Strategies further involves a set of managerial decisions and actions that determine the long term performance of an organization. Furthermore, it involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. Organizations that pursue sustainable management practices base the formulation, implementation, and evaluation of their strategies on an analysis of the organizational issues they face (Pauline, 2017). A study by Rothaermel (2015) associated strategy management practices with performance, distinguishing between strategies associated with high and low performance. Strategies which result in high performance are identified with activities that generally lead to success in the organization; that is key success factors. These activities are associated with initiatives in organization. The initiatives in Porter's Generic Strategies include emphasis on product quality, product and service innovations, development of new operating technologies, and discovery of new markets (Pearce & Robinson, 2014). Activities associated with high performing strategies also include emphasis on customer service and support, extensive advertising, and effective adoption of cost leadership.

Private Universities in Kenya

Over the last four decades, there has been intensified demand for higher education in Kenya. Parallel with the changes, transformations and extension in higher education and other fields in the world, the demand for higher education has also increased rapidly in Kenya (Muturi, 2014). A 2017 report by the Commission for University Education (CUE) shows that the number of chartered private universities has reached 13 in total. In order to meet ever-increasing expectations and achieve sustainable competitive advantage in

Kenya, and in the world, private universities are adopting the implementation of management strategies, which are directly related to the concept of quality, human and technological infrastructures (Ngirwa, 2013).

The private university offer both undergraduate and postgraduate programs and CUE is mandated with the responsibility of ensuring that private universities adhere to the high and quality standards educational standards(CUE, 2017). It is considered that implementation process of the increasing expectations from private universities can be made possible by good management of these institutions, and this can be achieved when private universities adapt and implement a more professional management style along with the concept of a strategic management.

According to a Report by the Ministry of Education (2014) on the Development of Education in Kenya, the total enrolment in the Kenyan universities increased from 3,443 in 1970 to 80,000 in 2016. As the numbers of private universities continue to grow, competition for survival has intensified (Poddar, 2014). Competition for survival has been the guiding force for existence and it has been associated with management practices. The adoption of a clear strategic perspective is one of the factors that affect the performance of universities (Henry, 2014). Thompson and Martin (2014) outlines management practices as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives.

A survey done by Gitau and Muhia (2015) on the adoption of strategic management in Kenya states those universities were faced with various challenges in the strategic management at the different levels. The study also found that differentiation of services and product innovation affects performance in Kenyatta University. The study concluded

that organizational structure influenced strategic management at Kenyatta University. In order to meet ever-increasing expectations and achieve sustainable competitive advantage in Kenya, and in the world, private universities are adopting the implementation of strategic management practices, which are directly related to the concept of quality, human and technological infrastructures (Ngirwa, 2013).

Statement of the Problem

Chartered private universities are today faced with stiff competition arising from establishment of more private and public universities by the government in its bid to expand the access to higher education among the population (Chacha, 2016). The increasing large flows of students from high schools by 30% from 2012 to 2017 have further led to popular demand for higher education in the country (CUE, 2018). According to the Ministry of Education (2017), total enrolment in the Kenyan universities increased from 3,443 in 1970 to 80,000 in 2016. Consequently, the high competition and resource constraints have become more intense and therefore addressing specific student needs has become even more demanding in private universities (Gitau & Muhia, 2015). This therefore calls for strategies in order to cope with the education sector demands whilst attaining their institutional goals (Kamau, 2013). Moreover, the rapid increase of private universities and their satellite branches has further led to some of the private chartered universities embrace poor strategies that have forced the government to shut down some of the campuses due to quality of services offered (CUE, 2018)

Scholars have been involved in conducting studies relating to the performance of private chartered universities in Kenya but presented the research gaps. Kamau (2015) carried out a study on the strategies adopted by private universities in Kenya and the strategies used

were corporate growth strategies, concentration growth strategies, market development strategy, and product development strategy and diversification strategy. A conceptual gap existed. Moreover, Tansey, Spillane and Meng (2014) investigated Linking response strategies adopted by construction firms in Ireland and United Kingdom and used the porter's generic strategies. A contextual and geographical gap existed. Finally, Abdolshah, Moghimi and Khatibi, (2018) investigating competitive advantage in banking industry based on Porter's generic strategies Iran. A contextual and geographical gap presented. Therefore, this study was conducted to bridge the gap on the influence of Porter's Generic Strategies on performance of private universities in Kenya.

Research Objectives

The general objective of the study was to establish the influence of Porter's Generic Strategies on performance of private universities in Kenya.

The specific objectives are;

1. To determine the effect of differentiation strategy on performance of private universities in Kenya.
2. To examine the effect of Focus strategy on performance of private universities in Kenya.
3. To establish the effect of cost leadership strategy on performance of private universities in Kenya.

Research Hypotheses

The following null hypotheses were tested to determine the influence of each independent variable on the dependent variables.

1. H₀₁: Differentiation strategy had no positive and significant effect on performance of private universities in Kenya.
2. H₀₂: Focus strategy had no positive and significant effect on performance of private universities in Kenya.
3. H₀₃: Cost leadership strategy had no positive and significant effect on performance of private universities in Kenya.

Significance of the Study

Findings of the study was significant to the private chartered universities and other institutions of highering to come up with strategies to improve the performance. Additionally, the findings of this study provided useful knowledge to researchers and scholars as they can use information generated from the study to add to their comprehension of the Porter's Generic Strategies have been an epitome of any organization successful performance. Lastly, scholars and academicians used the conclusion as a source of reference, mostly those undertaking the studies relating to porters generic strategies and other strategies that improves the performance of the universities.

Scope of the study

The study sought to establish the influence of Porter's Generic Strategies on performance of private universities in Kenya. The specific objectives of the study included differentiation strategy, focus strategy and cost leadership strategy on performance of private universities in Kenya. The study population targeted all 13 major chartered private

universities in Kenya. Since the target population was small, the study adopted a census approach and therefore all the private chartered universities were studied. Moreover, the study sampled 164 respondents who included directors, registrars, chairpersons of departments and finance officers as the unit of analysis.

Limitation of the Study

The respondents were unwilling to respond to answer the questionnaire. Those who were not willing were replaced with the ones willing to respond. Additionally, the Participants feared victimization from the senior management. This was corrected by assurance in the consent form that all the information was to be very confidential and be used for the study only and not to be disclosed to any other party. Additionally, some of the universities were not giving the accurate information concerning the administration of the university. The institutions feared to disclose all the information for the fear of being outshined by the competitors. This was corrected by assuring the university administration that all the information given was used for the study and a copy of the research was submitted to the University.

Chapter Summary

This chapter introduced the research and defined the setting of the study and declaration of the problem. It is followed by a brief account of the purpose of the research work. It also presented the research hypotheses that was used to guide the study as well as examined the various factors responsible for the existing problem. The justification of the study and the scope were also presented within the chapter as well as the importance and the scope of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The literature review and theories that ground this study are presented in this chapter. The chapter also presents the related empirical literature. The chapter retrieved information from journals and research papers. Lastly, the chapter presents the conceptual framework portraying the relationship that exists between the predictor variables and the dependent variables.

Theoretical Framework

Theories are used to explain, predict, and understand phenomena and to some extent to critique existing knowledge for the purpose of expanding it. This is usually provided within the limits of critical bounding assumptions. The theoretical framework principally entails the structure that can hold or support a theory of a research study. Moreover, the theoretical framework introduces and describes the theory that explains why the research problem under study exists. Luciani (2015) observed that a theoretical framework therefore accounts for or explains phenomena. It also provides the relationships between the variables so that the theoretical relationship between them can be understood. This study was anchored on three theories namely, Porter's Generic Competitive Strategies, Theory of Dynamic capabilities and Resource based theory.

Porter's Generic Competitive Strategies

Porter (1980) developed this theory and the hypothesis that the level of competitiveness within an industry is dictated by a complex interaction of suppliers, customers, substitute

products and the threat of new competitors' entry into the market. Companies in a highly competitive environment are forced to find competitive edge to survive. Porter (1985) contends that companies competing in a given industry must fulfil many different activities that form cost and create value for the customers. By using the competitive strategy, a company targets to position itself in a sustainable and profitable position against the forces shaping the industry

Porter (1985) asserts that there are basic businesses strategies – differentiation, cost leadership, and focus – and a company performs best by choosing one strategy on which to concentrate. Many researchers are however of the divergent view that a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Karnani, 1984; Miller and Friesen, 1986; White, 1986; Hill, 1988). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Parker and Helms, 1992; Kippenberger, 1996; Surowiecki, 1999; Ross, 1999).

One of Porter's generic strategies is cost leadership (Porter 1985). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Pulaj, Kume & Cipi, 2015). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Wicker, Soebbing, Feiler & Breuer, 2015). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). Porter (1985) purports only one firm in an industry can be the cost leader and if this is the

only difference between a firm and competitors, the best strategic choice is the low cost leadership role (Hlavacka *et al.*, 2001). As a low cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market (Hyatt, 2001). The leader then is somewhat insulated from industry wide price reductions (Porter, 1980; Malburg, 2000). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues (Cross, 1999).

Differentiation is also one of Porter's key business strategies (Reilly, 2002). When using this strategy, a company focuses its efforts on providing a unique product or service (Porter, 1996; Cross, 1999; Hlavacka *et al.*, 2001). Since the product or service is unique, this strategy provides high customer loyalty (Porter, 1985; Ross, 1999; Hlavacka *et al.*, 2001). Product differentiation fulfils a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. Aaker (1984) further argues that a differentiation strategy is often but not always associated with a higher price because it usually examines the appropriateness of different strategies of the business more indirectly by considering whether they are responsive to the external surrounding and the mission and long term goals.

For focus strategies, the firm chooses a specific segment or group of segments in the industry. A firm that does not have an overall competitive advantage optimizes its strategy in order to serve the needs of the target segments and achieve a competitive advantage in them. Cost focus and differentiation focus rely on the differences of the given segment from the other segments in the industry, that is, differences in cost behavior or the unique needs of a segment. It means tailoring the activities to a specific segment exclusively which

is not served properly by broadly targeted competitors. However, sometimes firms choose to create separate business units under the same corporate entity (Porter, 1985).

Porter's Generic Competitive Strategies theory depicts how an organization seeks after upper hand over its picked market scope. Organizations in a highly competitive environment are forced to find competitive edge to survive. Universities competing in the sector must fulfil many different activities that form cost and create value for the students. By using the competitive strategy, universities target to position themselves in a sustainable and profitable position against the forces shaping the sector.

Resource Based View Theory

The theory was first contributed by Penrose (1959). The theory provides an explanatory logic to unravel causal links among resources, capabilities, and competitive advantage, which contributes to a resource-based theory of competitive advantage (Wernerfelt, 2014). Resource Based view is a method of analysing and identifying an institution strategic advantage based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. The RBV's underlying premise is that organisations differ in fundamental ways because each firm possess a "unique" bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each institution develops competencies from these resources, and when developed especially well, these become the source of the institution's competitive advantage (Pearce & Robinson, 2014).

In the context of this theory, it is evident that the resources that an organisation has will play a big role in strategic management. This is because no matter how good the strategies are, without the necessary resources to enable the implementation, they remain in the

planning phase. The resource-based approach sees organisations with superior systems and structures being profitable not because they engage in strategic investments that may deter entry and raise prices above long run costs, but because they have markedly lower costs, or offer markedly higher quality or product performance. A leading text of the 1960s (Learned, 2014) noted that the capability of an organization is its demonstrated and potential ability to accomplish against the opposition of circumstance or competition, whatever it sets out to do. According to Penrose (1959), every organization has actual and potential strengths and weaknesses; it is important to try to determine what they are and to distinguish one from the other. Thus, what an organisation can do is not just a function of the opportunities it confronts thus depends on what resources the organization can master. Gratton (2013) proposed that the real key to an institution's performance or even to its future development lies in its ability to find or create a competence that is truly distinctive. The resource-based perspective puts both strategic management and diversification into a new strategic light. Empirical work on the relationship between performance and diversification by Wemerfelt and Montgomery (2014) provides evidence for this proposition. It is evident that the resource-based perspective focuses on consideration of managerial strategies for developing new capabilities (Wernerfelt, 2014). Indeed, if control over scarce resources is the source of economic profits, then it follows that such issues as skill acquisition, the management of knowledge and know-how (Shuen, 2012), and learning become fundamental strategic issues. This theory supports the variable cost leadership strategy by positing how private universities gain competitiveness through innovatively delivering superior value to customers, they focus on the strategic identification and use of resources for developing a sustained competitive advantage.

Theory of Dynamic Capabilities

Teece, Pisano and Shuen (1997), developed the theory of Dynamic Capabilities. The theory links the growth of the concept of dynamic capabilities to the resource-based view of the firm. The theory seeks to explain how firms achieve and sustain competitive advantage despite an ever changing environment with appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies toward a changing environment (Helfat & Peteraf, 2003, Helfat *et al*, 2007, Porter, 1991).

Newbert (2007) categorized theoretical approaches into four types: resource heterogeneity, organizing approach, conceptual-level, and dynamic capabilities. The resource heterogeneity approach argues that a specific resource, capability, or core competence controlled by a firm, affects its competitive advantage or performance. The organizing approach tends to indicate firm-level conditions in which the effective exploitation of resources and capabilities is implemented. Scholars utilizing the conceptual-level approach try to investigate if the attributes of a resource identified by Barney (1991) such as value, rareness, and inimitability, can effectively explain performance.

Dynamic capabilities on the other hand explain the process of dynamic firm competition in today's market environment. Hunt and Morgan (1995) proposed the resource-advantage (R-A) theory of competition, combining the resource-based theory of the firm, heterogeneous demand theory, and theories of dynamic competition from Schumpeterian and evolutionary economics. Based on the resource-based theory of the firm, R-A theory views the firm as a seeker of unique, costly-to-copy productive assets to sustain above normal returns, emphasizing unique, heterogeneous resources and capabilities (Barney,

1991; Conner, 1991). Firm resources are defined as the tangible and intangible entities available to the firm that enable it to produce efficiently and/or effectively a market offering that has value for some market segment(s) (Hunt, 2000).

The theory of dynamic capabilities could help organizations such as the universities to distinguish developing opportunities, restore their capabilities and keep them focused to favourable circumstances in the dynamic business condition. Further, it helps with advancement of dynamic capacities that are important for the organization change in various periods of the advancements proposed in the innovative part and plan of action.

Empirical Review

This section reviews previous studies that are relevant to the objectives of this study. The empirical literature is reviewed per objective.

Differentiation Strategy and Performance

Njoro (2017) investigated the competitive Strategies Influencing Growth of Selected Public Universities in Kenya. The study adopted the descriptive research design. There were three selected public Universities where the research was carried out. The target population was drawn from the senior management levels selected on a stratified sampling technique and the sample was 114. The researcher used primary data to accomplish the research objectives. Both descriptive and inferential statistics were employed in data analysis. Findings reveal that technology has to a great extent influenced the growth of a majority of the selected public universities surveyed. Most notably, expansion of the respective universities and introduction of new technological leadership has significantly attributed to research and development in innovation. The study concludes that the adoption of innovation, diversification and technology strategies among the selected

universities have led to significant growth across the institutions and the number of student turnover have increased over years.

Alva & Paul (2015) conducted a case study of the focus-differentiation strategy implemented by the University of Puget Sound. The study examined strategic differentiation changes initiated and implemented by two consecutive presidents of the University of Puget Sound in 2003–2015. The transformation of this century-old institution from an also-ran local university to a nationally ranked liberal arts college provides an extremely rare case that demonstrates the applicability of Michael Porter's paradigm of generic strategies in the field of higher education. The study noted critical success factors for the implementation of a focus strategy that seeks to differentiate a university from its peer institutions.

Kamau (2013) conducted a study on the competitive strategies adopted by private universities in Kenya. The study adopted descriptive research design. The population of interest in this study comprised of all the twenty seven universities which are operating under either interim or full charter study used primary data. The study concluded that Private Universities in Kenya have adopted various competitive strategies to remain competitive in the market. These were: product differentiation, cost leadership, customer focus, use of internet to market, offering e-learning, online registration and release of results, strategic alliances, horizontal integration such as acquiring other colleges to ease competition, product development such as introduction of new courses, concentrated growth, diversification, market development, and vertical integration which has leady to have quality services and performance increased. The study also concluded that private universities faced various challenges in the market. These were: meeting Commission of

Higher Education (CHE) requirements, students strike, maintaining reasonably low fees, competition arising from foreign and public universities, high fee default rate among students, huge financial requirement to establish and run the university, increased competition from other universities, staff turnover, limitation of courses by other universities, lack of enough space, students inability to differentiate a university's courses from those offered by other universities , regulation by the government , competition from well-established public universities and lack of student funding by HELB.

Conrad (2014) investigated a study on when competitive advantage doesn't lead to Performance. The study asserted that the essence of differentiation is to be unique in ways that are valuable to customers and that can be sustained by the firm. It needs a critical study of buyer needs and preferences to consider what is important to them and what value they are willing to pay for this. Porter (1985) strengthens the position by indicating that the advantage of uniqueness may be in the form of customer service, design, brand image or technology. Porter (1985) further advises that differentiation extends beyond the characteristics of the product or service, to include every possible interaction between the firm and its customers. However, Grant (2013) adds that differentiation strategies are not about pursuing uniqueness for the sake of being different but is about understanding the product or service and the customer.

Ondari (2014) conducted a study on the influence of strategic management practices on the performance of public universities in Kenya. The specific objectives of the study were to examine the relationship between differentiation strategy and organisational performance; to determine the relationship between internal business process and organisational performance and to establish the relationship between employee growth and organisational

performance. The study by Ondari (2014) portrayed some difference with the current study as discussed. The study applied correlational research design. The author used judgmental procedure to select 120 representatives from the following categories of individuals in the private universities; vice chancellors, deputy vice chancellors, deans of schools and heads of sections. Applying multiple regression model and content analysis tools, the study analysed quantitative and qualitative data respectively. Results showed that service culture, service quality, customer experience and feedback are key determinants of performance in the sampled private universities in Kenya. The study established that organisation structure of many public universities does not match the internal business processes.

Qayyum (2017) carried out a study on Product differentiation strategies and impact of factors influencing the differentiation process. The paper studied the differentiation strategies of mobile telecom operators and the impact of factors influencing the process of differentiation. The study concentrated on the differentiation strategies of the mobile telecom service firms operating in Pakistan. The analysis model of this research was developed based on the determinants of product differentiation, relating to the tools that managers at mobile telecom service companies employ to execute differentiation strategies, and the factors influencing them. The findings from the four case studies revealed that all the mobile operators opt for the differentiation strategies based on the determinants. It was examined from the research that these determinants are interrelated with each other. It was evident from the study of all the case companies that regulations affect the industry profits, increase the cost of upgrading the networks and infrastructures, causing a delay in the adoption of innovation, thereby influencing the differentiation strategy. The second factor influencing the differentiation process revealed in this study

was competitive imitation, which caused convergence of strategies resulting in undifferentiated services even though operators tried to differentiate their services.

Focus Strategy and Performance

Ndichu (2014) conducted a study on the relationship between Strategy and Performance in Chartered Private Universities in Kenya. Descriptive survey design was adopted in the study. The study population targeted was all chartered private universities in Kenya. The study data was gathered by employing both closed and open ended questionnaires. Quantitative data was analysed using correlation data analysis method to determine the degree of association between strategy and performance. The study concluded that, there exists positive relationship between the strategy and performance of chartered private universities in Kenya which is clearly demonstrated by the recent growth of chartered private universities in terms of student's enrolment, size and scope of these institutions and quality offering aimed at ensuring sustainable growth and performance

Grahan (2016) conducted a study on focus strategy and the internationalizations of universities. The study explored the relationship between having a complete strategic focus and the extent of the internationalization of university business schools and the level of desire for the future internationalization and to further validate the model of internationalization. Data were collected for business schools and business facilities using the Elkin, Devjee model of internationalizations concerning the current and desired levels of internationalizations of the business schools. In addition, schools were asked six key questions about strategic focus. It was observed that those schools with complete strategic focus and have persistent media advertisement had higher levels of current internationalizations and greater aspirations for even higher levels of internationalizations

than schools without a complete strategic focus. It was also found that there may be a connection between research intensity and internationalizations. The use of the model of internationalizations was further validated and the model was used for the first time in conjunction with strategic focus to illustrate strategy in practice.

Aker, Klein and O'Connell (2015) conducted a study on Segmenting Marketing in Urban Higher Education in West Africa. They noted that in recent years, as competition among universities has increased and as resource constraints have become more intense, addressing specific student needs has become even more important. The target marketing approach involves the market segmentation process and having market-focused planning, which offers considerable opportunity for success within the higher education market. Consequently, most universities favour a marketing focus strategy. A number of different dimensions can be used to divide the aggregate market for educational services into relatively homogeneous subsets. Demographics have traditionally been popular segmentation bases, especially the geographic dimension, and psychographic variables and other approaches for identifying groups with variant needs also aid the targeting mission. As universities explore these options, they should keep in mind that all market segments should be judged on accessibility, substantiality and action ability.

Kolding (2013) conducted a study on Pricing Strategies for Small Business. The findings of the study asserted that small companies usually thrive because they serve narrow market niches. Focus allows some businesses to compete on the basis of low cost, differentiation and rapid response against much larger businesses with greater resources because focus lets a business “learn” its target customers, their needs, special considerations they want accommodated and establish personal relationships in ways that “differentiate” the smaller

firm or make it more valuable to the target customer. According to Roxy (2010), focus strategy implies that a firm concentrates on a particular buyer group, segment of product line or geographic market. The focus strategy can be based on broad or narrow market scope, where broad refers to the overall market and narrow refers to one market segment only.

Robert and Tomas (2014) carried out a research on market focus and organizational learning address how organizations adapt to their environments and develop competitive advantage. A significant void exists in current models of market orientation because none of the frameworks incorporates constructs related to innovation. The authors present a conceptual framework for incorporating constructs that pertain to innovation in market orientation research. The results indicate that higher levels of innovativeness in the firms' culture are associated with a greater capacity for adaptation and innovation (number of innovations successfully implemented). In addition, higher levels of innovativeness are associated with cultures that emphasize learning, development, and participative decision-making. The authors make recommendations for incorporating constructs related to innovation into research on market orientation and organizational learning.

Lewison *et al.* (2014) in their study on student target marketing strategies stated that as colleges and universities adopt marketing orientations to an ever-increasing extent; the relative merits of mass marketing and target marketing must also be explored. The researchers identify buyer types as potential students focused on quality, value or economy. On the other axis, learner types are described as those who focus on career, socio-improvement and leisure, or those who are ambivalent learners.

Cost Leadership Strategy and Performance

Sifuna (2014) investigated the effect of competitive strategies on performance of public universities in Kenya. This research problem was studied using a descriptive survey design and targeted population was 162 respondents from which 54 were chosen as the sample size. Stratified disproportionate sampling technique was used to select the sample. A structured questionnaire was used to collect primary data. It was further established that capacity utilization of resources, reducing operations time and costs, efficiency and cost control, mass production and mass distribution as aspects of cost leadership affected performance in the university to great extent, differentiation based on product/service, differentiation based on promotion/ advertising campaign and differentiation based on personnel affected performance of the university and focus affected performance of the university. The study concluded that cost leadership affects performance of universities in Kenya through achieving economies of scale, capacity utilization of resources, reducing operations time and costs, efficiency and cost control, mass production, forming linkages with service providers, suppliers and other supplementary institutions and mass distribution and that differentiation affect performance of the university through product/service, promotion/ advertising campaign, personnel differentiation.

Juha (2013) conducted a study on competitive Strategies in Higher Education. The study established that competitive strategies in higher education argued that the strategy of overall cost leadership is achieved through a set of functional policies aimed at this basic objective. Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reductions in areas such as research and development, service and marketing. A great deal of managerial attention is necessary in order to achieve cost

efficiency and study conclude that the cheaper rates, high level of efficiency, effective and reliable cost controls improved the performance of the institutions. Moreover, a low-cost position provides substantial entry barriers in terms of cost advantages or scale economies and defends the organisation against powerful buyers. A strategy of overall cost leadership is an appropriate choice in markets where the price level is relatively low defined by the public sector funding bodies or due to a hard competition in the market. Low cost also provides a defence against input cost increases. Achieving a low overall cost position often requires favourable access to input.

Strickland (2014) observes that in cost leadership, a firm sets out to become the low cost producer in its industry for a given level of quality. The study used the This can be at an average industry price to earn a profit higher than the competition or below the average price to grow market share. This becomes handy in a price war environment where the firm may retain some profits and the competition booking loses. Porter (1980) advises that cost leadership requires aggressive construction of efficient scale facilities, vigorous cost reductions from experience, tight cost curve control and cost maximization in various functions. While pursuing low cost leadership, the firms must ensure to include features and services that the consumers consider essential. This strategy benefits the firm in withstanding intense price competition.

Li and Li (2017) conducted a study on achieving a superior financial performance in China using differentiation, cost leadership, or both. The study posited that cost leadership strives to supply a standard, high-volume product at the most competitive price to customers. It is important to note that a company might be a cost leader but that does not necessarily imply that the company products would have a low price. In certain instances, the company can for instance, charge an average price while following the low-cost leadership strategy and

reinvest the extra profits into the business (Lynch,2015). The risk of following the cost leadership strategy, however, is that the company's focus on reducing costs even sometimes at the expense of other vital factors may become so dominant that the company loses vision.

Simkins (2014) investigated education reforms and managerialism on comparing the experience of schools and colleges. The findings of the study established that efficiency and effectiveness require that academic managers in higher education institutions should be aware of the full cost of the activities. Moreover, the study found that strategy of overall cost leadership is achieved through a set of functional policies aimed at this basic objective. Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reductions in areas such as research and development, service and marketing. A great deal of managerial attention is necessary in order to achieve cost efficiency.

Gitau and Muhia (2015) conducted a descriptive survey that sought to assess the adoption of cost leadership in strategic management practices in Kenyatta University. The study found out that Kenyatta University was faced with various challenges in the strategic management at the different levels. The study also found that commitment of top management affects strategic management in Kenyatta University. The study concluded that organizational structure influenced strategic management at Kenyatta University. Similarly, a cross-sectional survey conducted by Jossiah (2014) aimed to establish the impact of customer processes in the banking sector in Kenya. Findings showed that organisations do not care about both internal and external customers. Additionally, the study concluded that trying to meet the needs of different stakeholders' interests can lead to managers being unaccountable for their actions.

Bush and Coleman (2014) conducted a study on Leadership and Strategic Management in Education. The study revealed that cost leadership and strategic management in higher education stated that the position of low overall costs was achieved in the labour market training of Finnish continuing education centres by their own teaching staff. Own teaching staff were used, because faculty teachers were typically not available. The management of visiting teachers brought additional costs and they were usually more expensive compared to own staff. This required maintaining a wide line of related courses to spread costs and serve all the major customer groups to build sufficient volume. Once achieved, the high margins of the low-cost position could be reinvested in new equipment, facilities and knowledge to maintain cost leadership. A low-cost education does not mean developing programmes that are significantly better than others are. The target is not to provide the highest quality, but to produce a low-cost product, which has sufficient quality. A low-cost strategy means developing an educational product that is truly simple to produce and has a low price and finally a high market share.

Conceptual Framework

Lewandowski (2016) defined a concept as a theoretical or universal thought construed or acquired after certain occurrences. A conceptual basis is an arrangement of wide thoughts and standards derived from significant areas of examination and used to build a resulting introduction. Figure 2.1 is a presentation of the factors that are investigated by this study.

Independent Variables

Dependent Variable

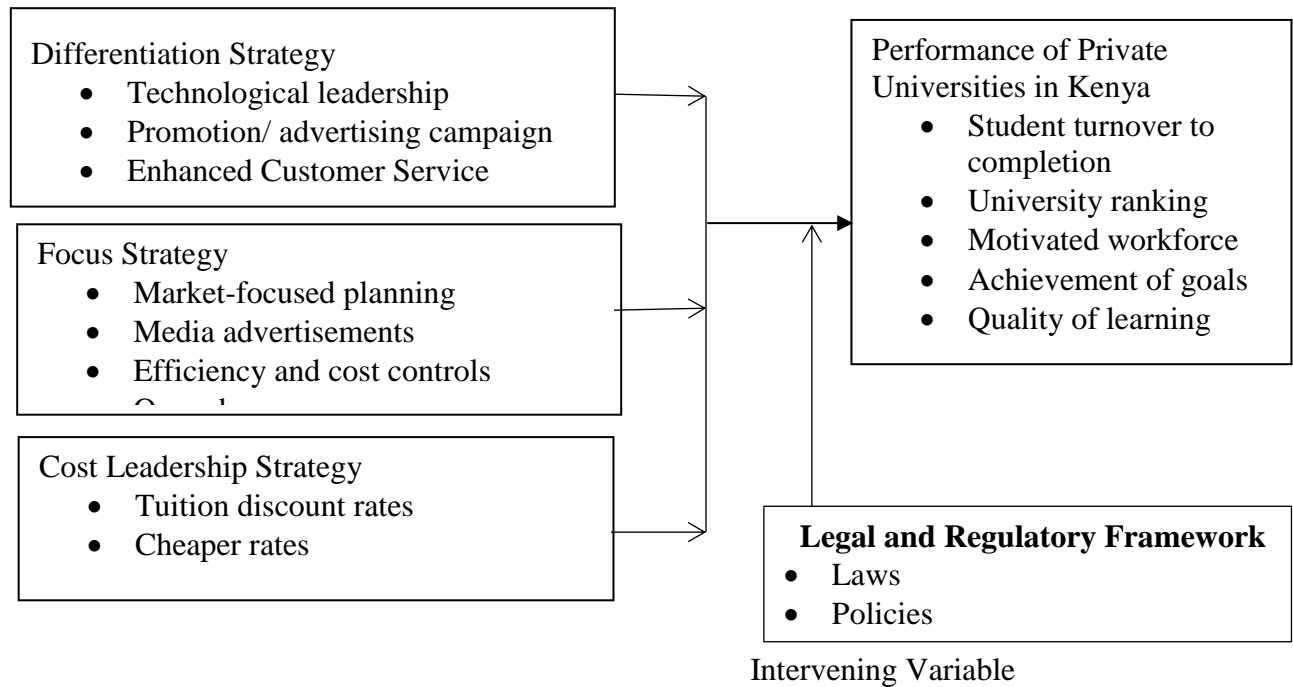


Figure 2.1: Conceptual Framework

Differentiation strategy is a management practice approach where an organization takes to develop a unique product or service that customers will find better than or in another way distinctive from products or services offered by competitors. Differentiation strategy is a way for an organization to distinguish itself from the competition through technology leadership, enhanced customer delivery and product promotional.

Focus strategy is a management practice where an organization concentrates its resources on entering or expanding in a narrow market or industry segment. A focus strategy is usually employed where the organization knows its segment and has products to

competitively satisfy its needs. Focus can be facilitated through market focused planning and efficiency controls.

Cost leadership strategy is used by organizations to create a low cost of operation within their niche. The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry. Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reductions in areas such as research and development, service and marketing. Some of the cost leadership factors in universities can include discounted tuition and cheaper rates for services to accommodate more students.

The private chartered universities in Kenya are governed by laws and policies designed by the government through the commission for higher education. The private chartered universities are mandated to adhere to the University Act 2012 that provides for the establishment, accreditation, registration, institutional standards and the institutional rights and obligations applicable to all universities in Kenya (McCowan, 2018). Moreover, the commission for higher education regularly oversees the operation of the universities and designs policies and regulations that has to be met by all the universities. Thus, the commission coordinate the long term planning and examines and approve the courses to be studied and execute the course regulations of the private universities and this makes the universities not to be in liberty to design any strategy to use (Awino, Ayuya, Machuki & Wainaina, 2018).

Summary of Research Gap

Table 2.1: Summary of Research Gaps

| Author | Study | Findings | Limitations | Focus of the Study |
|---------------|--|--|---|--|
| Ondari (2014) | Product differentiation and performance of public universities in Kenya. | The examination set up that association structure of many public universities does not match the internal business processes | The study Results showed that service culture, service quality, customer experience and feedback are key determinants of performance in the sampled private universities in Kenya. The study sampled 120 respondents. | The current study focused on the Cost Leadership Strategy, differentiat on strategy and Focus Strategy and positively affects the performanc e of chartered private universities in Kenya. The study sampled 164 respondents . |
| Roxy (2010) | Focus Strategy on the size of the industry | The size of the market will determine the level of profits to be made by a firm in an industry. | The study findings only concentrated on a particular buyer in the market. | The focus strategy entailed abroad market scope across most of the chartered private universities in Kenya. |
| Reilly (2012) | Differentiation strategy and performance | Differentiation strategy portrayed a positive | The study findings could not be | This study will use a sample |

| | | | | |
|---------------|--|--|--|---|
| | | relationship on performance of private chartered universities in Kenya | generalized across all the private universities since the study focused on making the products and services unique for a small market. | from most private universities in Kenya to allow for generalization. The current study will introduce the moderating variables. |
| Qayyum (2017) | Product Differentiation Strategies and Impact of Factors Influencing the Differentiation Process | A positive relationship between differentiation strategy and performance | The study concentrated on the differentiation strategies of the mobile telecom service firms operating in Pakistan | The current study will focus on the strategies used by the Chartered private universities in Kenya. |

Chapter Summary

The chapter commences with the review of three theories namely, Porter's Generic Competitive Strategies, Theory of Dynamic capabilities and Resource based theory. This is followed by empirical literature. Each variable is critically analysed in the empirical literature. This is followed by conceptual framework that links independent variables with dependent variable. The conceptual framework portrays the relationship that exists between the predictor variables and dependent variables.

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter discusses the methodology that was used in gathering the data, analyzing the data and reporting the results. Here, the researcher aims at explaining the methods and tools that was used to collect and analyze data to get proper and maximum information related to the subject under study. The chapter also presents the research design and the sample size that was derived from the population. In addition, the chapter discusses the validity and reliability tests which were performed on the questionnaire and ethical issues.

Research Design

A research design is the strategy for a study and the plan by which strategy is to be carried out (Lewis, 2015). The research design that was employed in this study is descriptive research design. Creswell and Creswell (2017) demonstrate that the essential features of descriptive design lies in the objectives. If the research is concerned with finding out who, what, where, when, or how much, then the study is descriptive. This study benefited from descriptive design because it involves gathering quantifiable information that can be used to statistically analyse a target audience or a particular subject. Descriptive studies report summary data such as measures of central tendency including but not limited to the mean, median, mode, deviance from the mean, variation, percentage, and correlation between variables. Descriptive statistics utilize data collection and analysis techniques that yield reports concerning the measures of central tendency, variation, and correlation (Whalon, Conroy, Martinez & Werch, 2015). The combination of its characteristic summary and

correlation statistics, along with its focus on specific types of research questions, methods, and outcomes is what distinguishes descriptive research from other research types

Targeted Population

Population refers to the aggregation of elements from which the sample is selected (Rubin & Babbie, 2015). Moreover, a population refers to an entire group of individuals, units, events or objects in the universe of interest for a particular study having a common observable attributes or characteristics (Tourangeau, Edwards, Johnson, Bates & Wolter, 2014). Targeted population represents the collection of cases the researcher is interested in and from which they intend to generalize (Foreman, Keel, Dunn, Wijngaarden, Taylor & Dirani, 2017). This study targeted the 13 chartered private universities in Kenya. The unit of analysis was Directors, Registrars, Dept. Chairperson and Chief Finance Manager as they are involved with management practices in the university. One registrar was selected from each of the private universities. The targeted population is as shown in Table 3.1.

Table 3.1: Targeted population

| No | Chartered Private Universities | No of Directors | University Registrars | Dept. Chairperson | Chief Finance Manager | Total |
|----|--|-----------------|-----------------------|-------------------|-----------------------|------------|
| 1 | Africa Nazarene University | 5 | 1 | 6 | 1 | 13 |
| 2 | Catholic University of Eastern Africa (CUEA) | 6 | 1 | 7 | 1 | 15 |
| 3 | Daystar University | 3 | 1 | 4 | 1 | 9 |
| 4 | Pan Africa Christian University | 6 | 1 | 5 | 1 | 13 |
| 5 | Kabarak University | 5 | 1 | 4 | 1 | 11 |
| 6 | KCA University | 3 | 1 | 4 | 1 | 9 |
| 7 | Kenya Methodist University | 5 | 1 | 5 | 1 | 12 |
| 8 | Mount Kenya University | 7 | 1 | 8 | 1 | 17 |
| 9 | St. Paul's University | 5 | 1 | 7 | 1 | 14 |
| 10 | Strathmore University | 7 | 1 | 8 | 1 | 17 |
| 11 | United States International University | 5 | 1 | 7 | 1 | 14 |
| 12 | University of Eastern Africa, Baraton | 4 | 1 | 5 | 1 | 11 |
| 13 | Africa International University | 3 | 1 | 4 | 1 | 9 |
| | Total | 64 | 13 | 74 | 13 | 164 |

Source: University website

Sample and Sampling Technique

The study employed census approach since the targeted population was small and therefore all 13 private chartered universities in Kenya were used in the study. Census approach was appropriate since Orodho (2009) observed that a data gathered using census contributes towards gathering of unbiased data representing all individuals' opinions on a study problem. Similarly, census was more representative, accurate and reliable than results obtained from a population sample and thus census assisted in generalization of research findings. Thus, 164 respondents as shown in table 3.1 were used who comprised of

director's registrars, chairpersons of departments and finance officers were used as a unit of analysis. This therefore means that no sampling technique was applied for this study.

Instruments

A questionnaire is a pre-defined composed arrangement of inquiries to which the respondents record the appropriate responses normally inside rather firmly portrayed options (Brace, 2018). Primary data was collected through the administration of the questionnaires. Structured questions were used to capture the opinion of the respondents. Likert-type questions are useful because the respondents are not restricted to a common way of answering the questions. The likert scale was coded as follows, 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=strongly agree.

Pre test

Pre testing was embraced to guarantee that the information gathered would empower the investigative inquiries to be replied (Saunders and Lewis, 2012). Whitehead, Julious, Cooper and Campbell (2016) reinforces pre testing established the accuracy and appropriateness of the research design and instrumentation.

The pretest was tested on 10% of the sample to ensure that it is relevant and effective. This meant that 16 questionnaires were used for pre testing. In this study, pre testing of the research instruments was carried out in two private chartered universities in Nairobi and they were Strathmore University and United States International University. The two universities were chosen because they were performing very well and had been ranked first and second best private universities in Kenya respectively. According to Briggs and Coleman (2007) pre testing of questionnaire is important because unclear direction,

insufficient space to write the responses, clustered questions and wrong phrasing of questions are detected in order to improve the questionnaires. Further questions that were vague or those respondents interpret differently are revealed. Both close-ended and open-ended questions were fine-tuned upon piloting. Therefore, after pre study, questionnaires were fine examined before embarking to the data collection.

Reliability of Instruments

Reliability is the consistency of a set of measurement items (Cronbach, 1951). Baker, Veit and Powell (2001) states that the size of a sample to be used for pilot testing varies depending on time, costs and practicality, but the same would tend to be 5- 10 per cent of the main survey. Reliability was tested using questionnaire duly completed by sixteen (16) randomly selected respondents. These respondents were not included in the final study sample in order to control for response bias. The study used the most common internal consistency measure known as Cronbachs Alpha (α) which is generated by SPSS. It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951).

The study used the Cronbach's Alpha for the five point Likert scale items. This helped the researcher to assess the interval consistency reliability achieved, the cut-off point being 0.7 as proposed by (Oncu & Cakir, 2011). The closer Cronbach's alpha coefficient is to 1, the higher the internal consistency reliability (Sekaran, 2006). A coefficient of 0.7 is recommended for a newly developed questionnaire. Results are shown in Table 3.2.

Table 3.2 Reliability Analysis

| Variable | Items | Cronbach alpha | Comments |
|-----------------|-------|----------------|----------|
| Performance | 5 | 0.861 | Reliable |
| Differentiation | 5 | 0.819 | Reliable |
| Focus | 5 | 0.854 | Reliable |
| Cost Leadership | 5 | 0.843 | Reliable |

The results in Table 3.2 shows that Cronbach's alpha for all the items under differentiation, Focus, cost leadership and performance were all above 0.7 implying that the instrument was sufficiently reliable for measurement and okay to collect data.

Validity of Instruments

Kruger and Westermann (2003) define validity as the goodness of data, relevance, richness and accuracy. This study used both construct validity and content validity. For construct validity, the questionnaire was divided into several sections to ensure that each section assessed information for a specific objective, and ensured that the same closely ties to the conceptual framework for this study. To ensure content validity, the questionnaire was subjected to thorough examination. The supervisors were asked to evaluate the statements in the questionnaire for relevance and whether they were meaningful, clear and loaded of offensive. On the basis of the evaluation, the instrument was adjusted appropriately before subjecting it to the final data collection exercise. Their review comments were used to ensure that content validity is enhanced.

For construct validity, the study used Keyser Meyer Olkin (KMO) and Barlette's test of sphericity. The rule of thumb is that if KMO value is more than 0.4 and the P-value of

Barlette's test of sphericity is less than 0.05, then the statements are valid/it measures what its purports to measure. Results are presented in Table 3.3.

Table 3.3: Construct Validity

| Variable | KMO Value | Sphericity |
|-----------------|-----------|------------|
| Performance | 0.519 | 0.005 |
| Differentiation | 0.586 | 0.017 |
| Focus | 0.511 | 0.018 |
| Cost Leadership | 0.537 | 0.100 |

Results in Table 3.2 show that Performance had a KMO value of 0.519 and Barlette's test of sphericity of $0.005 < 0.05$ and thus the statements are valid/it measures what its purports to measure. Results for differentiation showed that performance had a KMO value of 0.586 and Barlette's test of sphericity of $0.017 < 0.05$ and thus the statements are valid/it measures what its purports to measure. Results for Focus showed that performance had a KMO value of 0.511 and Barlette's test of sphericity of $0.018 < 0.05$ and thus the statements are valid/it measures what its purports to measure. Results for cost leadership showed that performance had a KMO value of 0.511 and Barlette's test of sphericity of $0.018 < 0.05$ and thus the statements are valid/it measures what its purports to measure.

Data Collection Procedure

The data was collected during the month of September and October 2018. Two research assistants, who were trained on the subject matter were used to administer the refined questionnaire and helped in data entry. The respondents were guided through illustrated answers to ensure that they have a clear understanding of the questions and thus respond appropriately. Drop and pick later method of data collection was applied to enhance the response rate.

Data Analysis and Presentation

Data analysis is a practice in which raw data is ordered and organized so that useful analysis as the process of computation of certain indices or measures along with searching for patterns of relationship that exist among the data group. Mugenda and Mugenda (2003) added that the data must be cleaned, coded and analyzed so that the researcher is able to give meaning to the data.

For the quantitative responses, the researcher made use of trend analysis for data collected over time, hypothesis tests for existence of significant differences and ANOVA for goodness fit and to determine whether the overall model is statistically significant. After quantitative data was obtained through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and keyed into statistical package for social sciences (SPSS Version 22) computer software for analysis. The choice of SPSS to other statistical software is that it is user friendly.

The statistics generated was descriptive statistics and inferential statistics. The specific descriptive statistics included percentages and frequencies while the inferential statistics included a multiple linear regression model and Pearson correlation. The multiple linear regression model was used to measure the relationship between the independent variables and the dependent variable that are explained in the model.

The regression model was as follows

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y = Performance of Private Universities in Kenya

{ β_i ; $i=1,2 \& 3$ } = The coefficients for the various independent variables

X_1 = Differentiation Strategy

X_2 = Focus Strategy

X_3 = Cost Leadership

e = Margin of Error

Data analysis leads to production of graphs, tables, descriptive statistics and inferential statistics. The analyzed data was presented in form of tables, charts and graphs.

Table 3.4: Operationalization of Variables

| Porters Generic Strategies | Scale |
|---|--------|
| Differentiation Strategy <ul style="list-style-type: none"> • Technological leadership • Promotion/ advertising campaign • Enhanced Customer Service | Likert |
| Focus Strategy <ul style="list-style-type: none"> • Market-focused planning • Media advertisements • Efficiency and cost controls • Open days | Likert |
| Cost Leadership Strategy <ul style="list-style-type: none"> • Tuition discount rates • Cheaper rates | Likert |
| Performance Of Universities In Kenya <ul style="list-style-type: none"> • University ranking • Motivated workforce • Student turnover • Achievement of goals • Quality of learning | Likert |

Ethical Consideration

According to Cooper and Schindler (2003), three main issues need to be considered when conducting a research. They are the falsification of results, data reliability, and confidentiality. The study countered the limitations by assuring the respondents of confidentiality, anonymity and that the responses were only be used for academic research purposes only. The researcher further sought permission from the university administration and National Commission for Science, Technology and Innovation to enable carrying out the study and to ensure that the research process is authorized.

Chapter Summary

The chapter highlights the methods used by the researcher to conduct the survey. It highlights the target population, the sample size and the method that was be used to analyze the data and the ethical consideration.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter focused on data analysis, findings and interpretation. Results were presented in tables and diagrams. The analyzed data was arranged under themes that reflected the research objectives.

Response Rate

The number of questionnaires that were administered to private universities was 164. 149 questionnaires were properly filled and returned. This represented an overall successful response rate of 90.9% as shown on Table 4.1. According to Mugenda and Mugenda (2003) and Kothari (2004), a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on these assertions from renowned scholars, 94% response rate is very good for the study. Thus, the response rate of 90% under this study was very good for study.

Table 4.1: Response Rate

| Response | Frequency | Percent |
|------------|-----------|---------|
| Returned | 149 | 90.9% |
| Unreturned | 15 | 9.1% |
| Total | 164 | 100% |

Demographic Characteristics

This section consists of information that describes basic characteristics such as gender of the respondent, age of the respondent, and level of education and the duration of service to the university.

Gender of the respondents

Majority of the respondents were men who represented 54 % with 80 men of the sample and women were 46% representing 69 females. This implies that the composition of directors, registrars, chairpersons of departments and finance officers of private chartered universities in Kenya, which also deals with the strategic practices is male dominated.

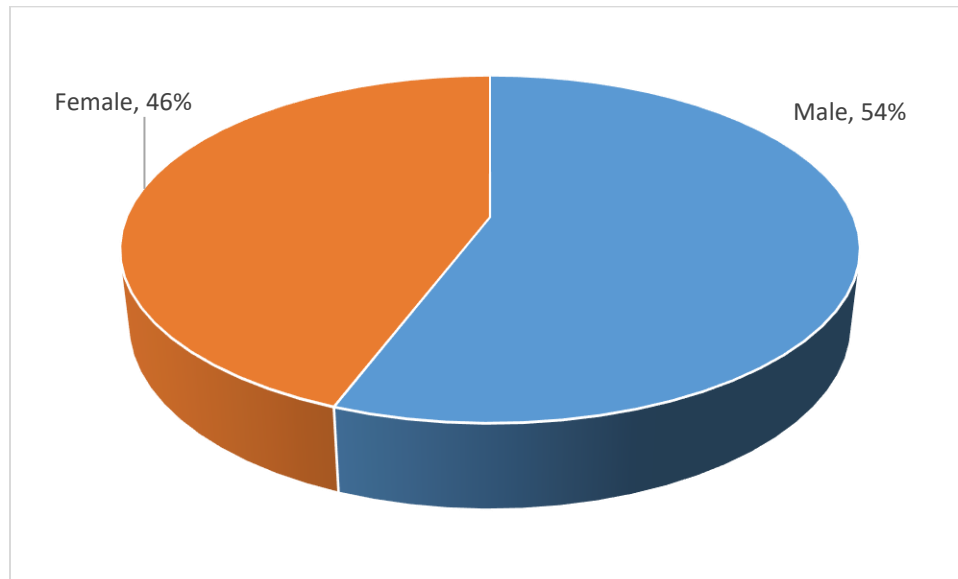


Figure 4.1: Gender of Respondents

Age of the Respondents

Majority of the respondents were aged between 41-50 years and represented 80 respondents and which translated to 54 % of the total respondents. Moreover, 24% of the total respondents aged between 31 and 40 years and comprised a total of 36 respondents.

Additionally, the respondents that aged above 50 years old were 30 respondents representing 20 % of the total respondents. Finally, the least was below 30 years and represented a 2% of 3 respondents of the total respondents. This implied that majority of director’s registrars, chairpersons of departments and finance officers of private chartered universities who deal with strategic practices in Kenya are above the middle age. People above the middle age are energetic and much qualified and thus can provide the best strategies to the institutions that can be adopted to improve in the performance and become more competitive.

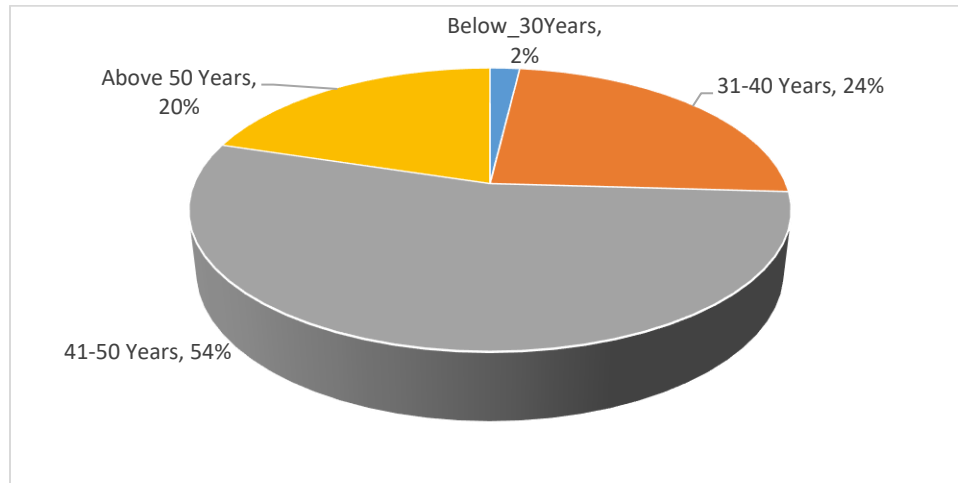


Figure 4.2: Age of Respondents

Education level of the respondents

Results in figure 4.3 show that 51% (76 respondents) of the respondents had their level of education being postgraduate level. Also, 61 respondents who included respondents had university qualification which translated to 41% of the total respondents. Furthermore, 12 respondents of the total respondents had college qualification which is 8 % of the total respondents. The outcomes suggest that, the respondents were able to comprehend the survey and give substantial reaction since they would be advised to understanding as

guided by their level of instruction which for this situation majority share having university as their education level. Further, the education levels gave a clear picture that most of those entrusted with management practices had Postgraduate level of education.

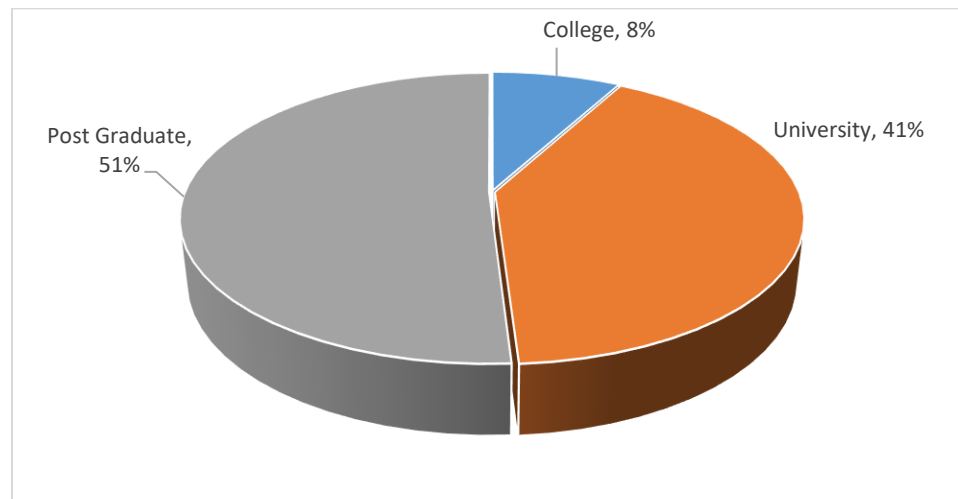


Figure 4.3: Level of Education of Respondents

Duration in the University

On the question of the duration of the university in service, majority of the respondents who were 66 respondents have been in the employment for 5-10 years which translated to 44% of the total respondents. Moreover, 41% have been in the employment for over 2 to 5 years and were 61 respondents. Additionally, 13 respondents have been in the employment for more than 10 years which was 9% of the total respondents. Lastly, 9 respondents have been in employment for a period less than 1 year and this represented 6% of the total respondents. This implied that majority of the respondents have been in the employment for a good period of time thus they were experienced.

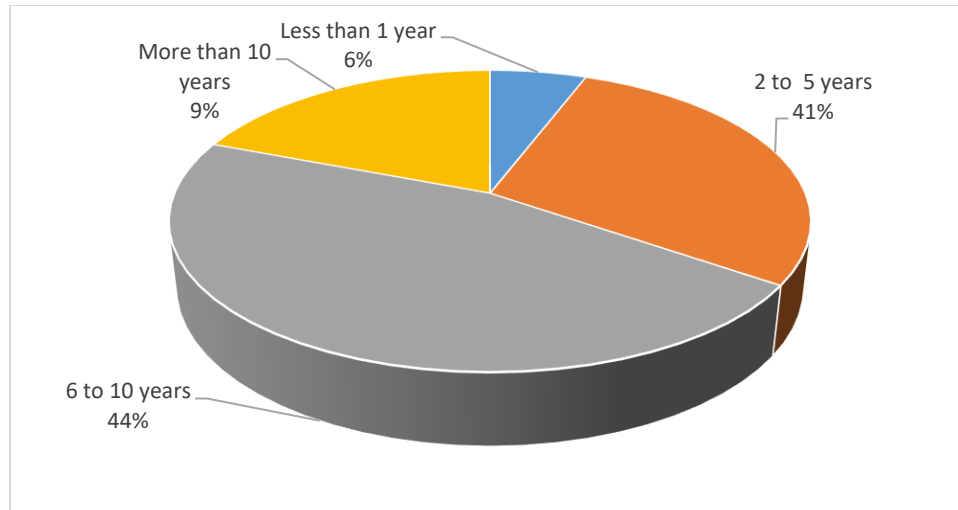


Figure 4.4: Duration of Respondents

Descriptive Statistics

This section presents the descriptive results on differentiation strategy, Focus strategy, cost leadership strategy and performance of private universities in Kenya. Numbers 4 & 5 (Agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was undecided

Differentiation Strategy

The first specific objective of the study was to determine the effect of differentiation strategy on performance of private universities in Kenya. The respondents were asked to respond to the statements on differentiation strategy. The results of this study are as depicted in Table 4.2.

Table 4.2 Differentiation Strategy

| Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree | Mean | Std. Dev. |
|--|-------------------|----------|---------|-------|----------------|------|-----------|
| The university offers products/services that are different from its competitors | 10.6% | 17.3% | 5.8% | 44.2% | 22.1% | 3.50 | 1.30 |
| The university has a promotion and advertising campaign on its product and services. | 2.9% | 17.3% | 5.8% | 50.0% | 24.0% | 3.75 | 1.10 |
| The university adopts technological leadership in its learning operations. | 5.8% | 16.3% | 2.9% | 52.9% | 22.1% | 3.69 | 1.16 |
| The university maintains learning service quality that sustains it to remain ahead of competitors. | 10.6% | 21.2% | 4.8% | 46.2% | 17.3% | 3.38 | 1.29 |
| The university has a desired brand position differentiated enough to compete in a saturated market | 3.8% | 13.5% | 3.8% | 61.5% | 17.3% | 3.75 | 1.02 |
| Average | | | | | | 3.61 | 1.17 |

The respondents were asked whether the university offers products/services that are different from its competitors. The results show that a majority of 66.3% (44.2% + 22.1%) agreed with the statement, 27.9% (10.6% + 17.3) disagreed with the statement and 5.8 % were neutral. On whether the university has a promotion and advertising campaign for its product and services, majority of the respondents agreed with 74%, 20.2% disagreed and 5.8% neither agreed nor disagreed. The respondents were asked if the university adopts technological leadership in its learning operations and a majority with 75% agreed with the statement while 22.1% disagreed and 2.9% were neutral. Further, the respondents were asked if the university maintains learning service quality that sustains it to remain ahead of

competitors and a majority with 63.5% agreed to the statement, however, 31.8 disagreed and 4.8% were neutral. Finally, the respondents were asked whether the university had a desired brand position differentiated enough to compete in a saturated market and the majority with 78.8% agreed to the statement while 17.3% disagreeing and 3.8% were neutral. Using a five-point scale Likert mean, the normal mean of the reactions was 3.61 that imply that most of the respondents concurred with a large portion of the statements; responses were varied as shown by a standard deviation of 1.17.

Focus Strategy

The second objective of the study was to determine the effect of Focus strategy on performance of private universities in Kenya. The respondents were asked to respond to the statements on Focus strategy. The results of this study are as depicted in Table 4.3.

Table 4.3 Focus Strategy

| Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree | Mean | Std. Dev |
|--|-------------------|----------|---------|-------|----------------|------|----------|
| Courses offered in this university are aligned with the interests of the students and general public | 7.7% | 24.0% | 2.9% | 41.3% | 24.0% | 3.5 | 1.3 |
| The university conducts regular media advisements and open days that enlighten the public of it services and products. | 3.8% | 16.3% | 1.9% | 58.7% | 19.2% | 3.7 | 1.1 |
| The university has a focus on local and international students and their preferences | 9.6% | 22.1% | 0.0% | 46.2% | 22.1% | 3.5 | 1.3 |
| The university discovers and adopts new market trends as they emerge | 10.6% | 23.1% | 2.9% | 46.2% | 17.3% | 3.4 | 1.3 |
| The university has close contact to students with social media. | 7.7% | 23.1% | 0.0% | 55.8% | 13.5% | 3.4 | 1.2 |
| Average | | | | | | 3.5 | 1.2 |

The opinion was sought from the respondents to determine whether Courses offered in this university are aligned with the interests of the students and general public. Majority of the respondents with 65.3% agreed to the statement, 31.7% disagreed with the statement and 2.90 % were neutral. This is an indication Courses offered in this university are aligned with the interests of the students and general public. Another statement related to focus strategy was asked. The respondents were required to rate their opinion as to whether university conducts regular media advisements and open days that enlighten the public of it services and products. Majority of the respondents with 77.9% agreed to the statement

while 20.1% disagreed and 1.90 % were neutral meaning the majority of the private chartered university conducts regular media advisements and open days that enlighten the public of its services and products. Moreover, the respondents were asked if the university has a focus on local and international students and their preferences and a majority of 68.3% agreed to the statement 31.7% disagreed. Additionally, the respondents' opinion was sought to ascertain whether the university discovers and adopts new market trends as they emerge. Majority of the respondents with 63.5% agreed, 33.7% disagreed and 2.90% neutral with the statement. Lastly, the study sought to determine views of the respondents in terms of whether the university has close contact to students with social media. Majority with 69.3% agreed to the statement and 30.8% disagreed. It meant that the university has close contact to students with social media. Using a five-point scale Likert mean, the normal mean of the reactions was 3.5 that implied that most of the respondents were concurring with a large portion of the statements; responses were varied as shown by a standard deviation of 1.2.

Cost Leadership Strategy

The third objective of the study was to determine the effect of cost leadership strategy on performance of private universities in Kenya. The respondents were asked to respond to the statements on cost leadership strategy. The results of this study are as depicted in Table 4.4.

Table 4.4 Cost Leadership Strategy

| Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree | Mean | Std. Dev |
|--|-------------------|----------|---------|--------|----------------|------|----------|
| The university lowers prices for courses in order to maintain cost leadership and maintain a high student turnover | 4.80% | 30.80% | 3.80% | 47.10% | 13.50% | 3.3 | 1.2 |
| This university has a well-established programme that offers of scholarships to students | 11.50% | 14.40% | 2.90% | 53.80% | 17.30% | 3.5 | 1.3 |
| This university continuously seeks to reduce prices without sacrificing its learning services essential features or acceptable quality | 2.90% | 24.00% | 1.90% | 53.80% | 17.30% | 3.6 | 1.1 |
| This university offers price sensitive solutions towards student's academic needs. | 9.60% | 18.30% | 7.70% | 51.00% | 13.50% | 3.4 | 1.2 |
| By serving segmented markets ,this university minimizes their cost of operations as prices match the different segments | 4.80% | 26.00% | 1.00% | 49.00% | 19.20% | 3.5 | 1.2 |
| Average | | | | | | 3.5 | 1.2 |

The respondents were asked if the university lowers prices for courses in order to maintain cost leadership and maintain a high student turnover and a majority of the respondents with 60.6% agreed to the statement while 35.6% disagreed with the statement and 3.80% did not either agree with the statement or disagree with the statement. On whether the university has a well-established programme that offers scholarships to students, a majority of the respondents with 71.1% agreed to the statement, 25.9 % disagreed with the statement

and 2.90 % were neutral. Further, the respondents were asked if the university continuously seeks to reduce prices without sacrificing its learning services essential features or acceptable quality and a majority of 71.1% agreed to the statement while 26.9% % disagreed and 1.90 % were neutral. The respondents were asked if the university offers price sensitive solutions towards student's academic needs and a majority with 64.5% agreed to the statement while 27.9% disagreed with the statement and 7.70 % were neutral. Finally, the respondents were asked if by serving segmented markets, the university minimizes their cost of operations as prices match the different segments and a majority of the respondents agreed with 68.2%, 30.8 % disagreed and 1% were neutral. Using a five-point scale Likert mean, the normal mean of the reactions was 3.5, which implies that most of the respondents were concurring with the statements; responses were varied as shown by a standard deviation of 1.2.

Performance of Private Universities

The last objective of the study was to determine the performance of private universities in Kenya. The respondents were asked to respond to the statements on performance. The results of this study are as depicted in Table 4.5.

Table 4.5 Performance of Private Universities

| Statement | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree | Mean | Std. Dev |
|---|-------------------|----------|---------|--------|----------------|------|----------|
| The university has improved in ranking. | 6.70% | 14.40% | 2.90% | 56.70% | 19.20% | 3.7 | 1.14 |
| Students turnover to completion has increased over the last three years | 6.70% | 21.20% | 3.80% | 44.20% | 24.00% | 3.6 | 1.25 |
| As a staff , I feel highly motivated at working in the university | 5.80% | 20.20% | 2.90% | 47.10% | 24.00% | 3.6 | 1.22 |
| The university has been achieving most of its goals | 5.80% | 26.00% | 1.90% | 38.50% | 27.90% | 3.6 | 1.30 |
| The university has achieved its financial targets in the last three years | 8.70% | 22.10% | 0.00% | 42.30% | 26.90% | 3.6 | 1.33 |
| Average | | | | | | 3.6 | 1.25 |

An inquiry was sought to find out the opinion of the respondents as to whether university had improved in ranking and a majority of the respondents agreed with 75.9% while 21.10% disagreed with the statement and 2.90% were neutral. Additionally, the study sought to find out whether students' turnover to completion has increased over the last three years. The majority of the respondents agreed with 68.2%, however, 27.90% disagreed with the statement and 3.80% were neutral. Also, the respondents were asked if as a staff, they feel highly motivated at working in the university and a majority of the respondents agreed with 71.1%, 26% disagreed with the statement and 2.90% were neutral. Furthermore, an opinion was also sought as to whether the university has been achieving most of its goals and a majority of the respondents agreed with 66.4%, 31.80% disagreed and 1.90% neither agreed nor disagreed. Lastly, the respondents were asked if the university has achieved its financial targets in the last three years and a majority of the respondents agreed with 69.2%

while 30.8 % disagreeing with the statement. Using a five-point scale Likert mean, the normal mean of the reactions, which implies that most of the respondents were concurring with a large portion of the statements; responses were varied as shown by a standard deviation of 1.25.

Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

Correlation Analysis

Correlation analysis was carried out to detect the association between the dependent variable, Performance and the independent variables of Differentiation, Focus and cost leadership. The mean score for each of the independent variables was calculated and the Pearson's correlation obtained using SPSS. Table 4.6 below presents the results of the correlation analysis.

Table 4.6: Correlation Matrix

| | | Performance | Differentiation | Focus | Cost Leadership |
|-----------------|---------------------|-------------|-----------------|-------|-----------------|
| Performance | Pearson Correlation | 1.000 | | | |
| | Sig. (2-tailed) | | | | |
| Differentiation | Pearson Correlation | .705** | 1.000 | | |
| | Sig. (2-tailed) | 0.000 | | | |
| Focus | Pearson Correlation | .558** | .536** | 1.000 | |
| | Sig. (2-tailed) | 0.000 | 0.000 | | |
| Cost Leadership | Pearson Correlation | .520** | .412** | .334* | 1.000 |
| | Sig. (2-tailed) | 0.000 | 0.000 | 0.000 | |

** Correlation is significant at the 0.01 level (2-tailed).

The results revealed that differentiation strategy and performance of private universities is positively and significantly related ($r=0.705$, $p=0.000$). This means that improvement in differentiation strategy will increase the level of performance of the private chartered university by 70.5 %. The table further indicated that Focus strategy and performance of private universities are positively and significantly related ($r=0.558$, $p=0.000$). Thus, an increase in focus strategy will increase the performance of the private chartered university by 55.8% holding other independent variables constant. Similarly, results showed that cost leadership strategy and performance of private universities were positively and significantly related ($r=0.520$, $p=0.000$). This implies that an increase in cost leadership strategy led to an improvement in performance of private chartered universities by 52.0 %. Therefore, Positive correlation means that as one variable increases the other variable has a tendency to also increase. Negative correlation means as one variable increases the other variable has a tendency to decrease. While no correlation means as one variable increases the other variable does not either, increase or decrease

Regression Analysis

The results presented in table 4.7 present the fitness of model used of the regression model in explaining the study phenomena. Differentiation strategy, Focus strategy, product innovation strategy and cost leadership strategy were found to be satisfactory variables in explaining performance of private universities. This is supported by coefficient of determination also known as the R square of 0.592%. This means that Differentiation strategy, Focus strategy and cost leadership strategy explain 59.2% of the variations in the dependent variable, which is performance of private universities in Kenya.

This results further means that the model applied to link the relationship of the variables was satisfactory.

Table 4.7: Model Fitness

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | .769a | 0.592 | 0.580 | 0.3888 |

a Predictors: (Constant), Cost Leadership, Focus and Differentiation

In statistics, significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found were less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else, the model would be regarded as non-significant.

Table 4.8 gives the outcomes on the examination of the difference (ANOVA). The outcomes show that the general model was statistically significant. Further, the outcomes suggest that the independent variables are good indicators of performance. This was supported by an F statistic of 48.39 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 4.8: Analysis of Variance

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------|
| | Regression | 21.945 | 3 | 7.315 | 48.390 | .000b |
| | Residual | 15.116 | 100 | 0.151 | | |
| | Total | 37.061 | 103 | | | |

a Dependent Variable: Performance
b Predictors: (Constant), Cost Leadership, Focus, Differentiation and Product Innovation

Regression of coefficients results in Table 4.9 shows that differentiation strategy and performance of private universities are positively and significant related ($r=0.218$, $p=0.000$). The table further indicated that Focus strategy and performance of private universities are positively and significantly related ($\beta =0.094$, $p=0.006$). Similarly, results showed that cost leadership strategy and performance of private universities were positively and significantly related ($\beta =0.116$ $p=0.001$). This implies that an increase in the use of differentiation strategy ($\beta =0.218$, $p=0.000$), Focus strategy ($\beta =0.094$, $p=0.006$) and cost leadership strategy ($\beta =0.116$, $p=0.001$) led to an improvement in performance of private universities.

Table 4.9: Regression of Coefficients

| Variables | Unstandardized Coefficients | | Standardized Coefficients | | |
|--------------------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 1.850 | 0.116 | | 15.965 | 0.000 |
| Differentiation Strategy | 0.218 | 0.035 | 0.488 | 6.170 | 0.000 |
| Focus Strategy | 0.094 | 0.034 | 0.214 | 2.792 | 0.006 |
| Cost Leadership Strategy | 0.116 | 0.033 | 0.247 | 3.492 | 0.001 |

a Dependent Variable: Performance

The optimal model was therefore;

The multiple regression model was laid as below.

$$Y = 0.218X_1 + 0.094X_2 + 0.116X_3 + e$$

Where:

Y = Performance of Private Universities

X₁ = Differentiation

X₂ = Focus

X₃ = Cost Leadership

Discussion of the Findings

A fitness of model was used in the regression model in explaining the study phenomena. Differentiation strategy, Focus strategy and cost leadership strategy were found to be satisfactory variables in explaining performance of private universities. This was supported by coefficient of determination also known as the R square of 59.2%.

The first specific objective of the study was to determine the effect of differentiation strategy on performance of private universities in Kenya. The average mean of the questionnaire responses on differentiation strategy was 3.61 which means that majority of the respondents were agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 1.17. Regression results revealed that differentiation strategy and performance of private universities are positively and significant related ($\beta = 0.218$, $p=0.000$). This was supported by a calculated t-statistic of 6.170 that is larger than the critical t-statistic of 1.96. This means that a unitary improvement in differentiation strategy leads to an improvement of performance of private universities by 0.218 units holding other factors constant.

This finding is consistent with Ondari (2014) who established a positive relationship between product differentiation and performance of public universities in Kenya. Differentiation strategy helps develop a unique product or service that customers will find better than or in another way distinctive from products or services offered by competitors. Differentiation is the educational practice of modifying or adapting instruction, school materials, subject content, class projects, and assessment methods to better meet the needs of diverse learners. In a differentiated category, lecturers recognize that all students are different and require varied teaching methods to be successful. Instruction is adapted across

subject areas to allow students to embrace the teaching method most appropriate to them. These include students with learning disabilities who might otherwise fall behind in a traditional lecture setting.

The second objective of the study was to determine the effect of Focus strategy on performance of private universities in Kenya. The average mean of the questionnaire responses on Focus strategy was 3.5 which means that majority of the respondents were agreeing with most of the statements. The answers were varied as shown by a standard deviation of 1.2. Regression results revealed that Focus strategy and performance of private universities are positively and significantly related ($\beta = 0.094$, $p = 0.006$). This was supported by a calculated t-statistic of 2.792 that is larger than the critical t-statistic of 1.96. This means that a unitary improvement in Focus strategy leads to an improvement of performance of private universities by 0.094 units holding other factors constant.

The results agree with Robert (2014) who carried out a research on Focus and organizational learning performance and established a positive relationship. Focus strategy concentrates its resources on entering or expanding in a narrow market or industry segment and can be facilitated through Focused planning and efficiency controls. Focus entails knowing the overall dynamics and forces in the marketplace, and understanding how those forces might impact the business. A product-focused business looks at their offerings, and strives to continually improve them. There is a zeal to make a product or service better, and the strategy of the business revolves around differentiation tied to product superiority. Focus entails responding to situations, when appropriate. Being outwardly focused, investing in marketing, and being driven by market information yields decision points.

The third objective of the study was to determine the effect of cost leadership strategy on performance of private universities in Kenya. The average mean of the questionnaire responses on cost leadership strategy was 3.5 which means that majority of the respondents were agreeing with most of the statements; however, the answers were varied as shown by a standard deviation of 1.2. Regression results revealed that cost leadership strategy and performance of private universities are positively and significantly related ($\beta=0.116$, $p=0.001$). This was supported by a calculated t-statistic of 3.492 that is larger than the critical t-statistic of 1.96. This means that a unitary improvement in cost leadership strategy leads to an improvement of performance of private universities by 0.116 units holding other factors constant.

The results agree with Gitau and Muhia (2015) who conducted a descriptive survey that sought to assess the adoption of cost leadership in strategic management practices in Kenyatta University and established a positive relationship. Cost leadership necessitates the construction of efficient-scale facilities and a vigorous pursuit of cost reductions in areas such as research and development, service and marketing. The type of competitive advantage which an organisation enjoys if its total operating costs are lower than those of its competitors, providing that it can charge an equal price for its product; this will mean that its gross operating profit will be greater than its competitors, allowing it to further enhance its product, to reduce its price and/or to withstand price wars.

Hypothesis Testing

Differentiation Strategy

The first objective of the study was to determine the effect of differentiation strategy on performance of private universities in Kenya.

The first hypothesis to be tested was:

H₀₁: Differentiation strategy does not have a significant effect on performance of private universities in Kenya.

The hypothesis was tested by using multiple linear regression and determined using p-value. The acceptance/rejection criteria was that, if the p value is less than 0.05, we reject the H₀₁ but if it is more than 0.05, the H₀₁ is rejected. Therefore, the null hypothesis is differentiation strategy does not have a significant effect on performance of private universities in Kenya. Results in Table 4.9 shows that the p-value was 0.000. This was supported by a calculated t-statistic of 6.170 that is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that differentiation strategy has a significant effect on performance of private universities in Kenya.

Focus Strategy

The second objective of the study was to determine the effect of Focus strategy on performance of private universities in Kenya.

The second hypothesis to be tested was:

H₀₂: Market strategy does not have a significant effect on performance of private universities in Kenya.

The hypothesis was tested by using multiple linear regressions and determined using p-value. The acceptance/rejection criterion was that, if the p value is less than 0.05, we reject the H₀₂ but if it is more than 0.05, the H₀₂ is rejected. Therefore, the null hypothesis is Focus strategy does not have a significant effect on performance of private universities in Kenya.

Results in Table 4.9 shows that the p-value was 0.006. This was supported by a calculated t-statistic of 2.792 that is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that Focus strategy has a significant effect on performance of private universities in Kenya.

Cost Leadership Strategy

The third objective of the study was to determine the effect of cost leadership strategy on performance of private universities in Kenya.

The third hypothesis to be tested was:

H₀₃: Cost Leadership Strategy does not have a significant effect on performance of private universities in Kenya.

The hypothesis was tested by using multiple linear regression and determined using p-value. The acceptance/rejection criteria were that, if the p value is less than 0.05, we reject the H₀₃ but if it is more than 0.05, the H₀₃ is rejected. Therefore, the null hypothesis is cost leadership strategy does not have a significant effect on performance of private universities in Kenya. Results in Table 4.9 shows that the p-value was 0.001. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that cost leadership strategy has a significant effect on performance of private universities in Kenya.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

Introduction

This chapter addressed the summary of the findings, the conclusions and the recommendations. This was done according to the objectives of the study.

Summary of Findings

This section provides a summary of the findings from the analysis. This was done according to the objectives of the study where analysis was done from the data collected. The primary objective of the study that was to establish the influence of porter generic strategies on performance of private universities in Kenya.

Differentiation Strategy

The first specific objective of the study was to determine the effect of differentiation strategy on performance of private universities in Kenya. Differentiation strategy was found to be satisfactory in explaining performance of private universities. Further, results showed that differentiation strategy is a good predictor of performance of private universities. Correlation analysis revealed that differentiation strategy was positively and significantly associated to performance of private universities. Regression results revealed that differentiation strategy and performance of private universities are positively and significantly related. This means that improvement in differentiation strategy leads to an improvement of performance of private universities and thus Private universities can adopt this strategy.

Focus Strategy

The second specific objective of the study was to determine the effect of Focus strategy on performance of private universities in Kenya. Focus strategy was found to be satisfactory in explaining performance of private universities. Further, results showed that Focus strategy is a good predictor of performance of private universities. Correlation analysis revealed that Focus strategy was positively and significantly associated to performance of private universities. Regression results revealed that Focus strategy and performance of private universities are positively and significant related. This meant that focus strategy was very important strategy to the universities and portraying a positive relationship meant the private universities can adopt the strategy to improve in performance.

Cost Leadership Strategy

The third objective of the study was to determine the effect of cost leadership strategy on performance of private universities in Kenya. Cost leadership strategy was found to be satisfactory in explaining performance of private universities. Further, results showed that cost leadership strategy is a good predictor of performance of private universities. Correlation analysis revealed that cost leadership strategy was positively and significantly associated to performance of private universities. Regression results revealed that cost leadership strategy and performance of private universities are positively and significantly related. This means that a unitary improvement in cost leadership strategy leads to an improvement of performance of private universities

Conclusions

The study concluded that a major hindrance in the management private universities is the development of approaches to strategies both at whole institution and at subunit levels. The educational objectives should lead the process of strategic management, which ensures these purposes and not the other way round. The overall strategy should be broad enough to allow the definition of different competitive strategies for subunits to meet the different educational objectives.

The study concluded that differentiation strategy affects performance of the university through product/service, promotion/ advertising campaign and enhanced customer service. The Value addition and adoption of technology in universities; incentive programs in terms of availability of recreational facilities and diverse programs and students experience with reference to duration of learning and formulation of policies that are favorable to students in universities affect the overall performance and sustainability. Therefore, differentiation strategies is an approach under which a private university should be aimed at so to develop and market unique services and products for different customer sections.

Additionally, the study also concluded that focus strategy affected performance of the university through various aspects such market-focused planning, media advertisements efficiency and cost controls and having the open days. It was also pointed out that regular media advisements, adoption of the new market trends as they emerge, keeping close contact with the students and enhancing and promoting the interests of the students positively motivated the students which translates to good performance of the institutions. Focus strategy aimed at growing market share through operating in a position market or in markets either not attractive to, or overlooked by, larger competitors.

Finally, the study concluded that cost leadership strategy affects performance of the private universities in Kenya through tuition discount rates and cheaper rates compared to other universities. Having affordable services gives a university a competitive advantage as compared to other universities thus adopting cost leadership strategies enables universities to maximize production while minimizing their cost of operation. Formulation of policies that are student friendly and availability of diverse programs in universities that is relatively cheap and offers the necessary quality increases the number of students enrolling which translates to good performance of the institution.

Recommendations

The study recommends that the management of the private universities have an important role to offer advice, information and intelligence and thereby to think strategically for the future of the whole organization. They are expected to think and act strategically in their own areas of responsibility. This is particularly important if the educational and business environment is different for the departments of the educational institution. There is need for a coherent organizational structure for enrolment management to elevate its importance within the university and highlight the need for improved coordination to achieve long-term enrolment goals.

The study recommends for unique higher education marketing strategies that help raise awareness of courses and programs while bringing in new students and resources needed to sustain online programs. On innovation, institutions are moving beyond the traditional brochures, magazines and billboards and are instead pushing resources towards appealing to the constantly evolving digital marketing landscape. There, they can have wider reach and greater potential in rapidly increasing their program's visibility.

Finally, the study recommends that a great deal of managerial attention is necessary in order to achieve cost efficiency. Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reduction in areas such as research and development, service and marketing. A low-cost strategy should involve developing educational products that is simple to produce and has a low price and finally a high market share.

Implications and Suggestions for Further Studies

The study contributed to the body of knowledge in the following ways; the findings of the study would assist the private universities to embrace differentiation strategy, Focus strategy and cost leadership strategy as the study discovered that the stated factors contributes to performance of private universities. By undertaking the study, the strategic management practices and performance of private universities was explored. This went a long way in adding past findings value and enabled users have information and a deeper understanding of the need for enhancing differentiation strategy, Focus strategy and cost leadership strategy. It contributed to the body of knowledge and to other researchers, as they was able to appreciate the effects of the stated factors, inspire similar and further research in other areas, and contribute to the existing literature on performance.

The study recommends a comparative analysis of strategy and performance among private and public chartered Universities in Kenya should be carried out and determines the similarities and differences in both. Also other strategies adopted could be put into the considerations as well. Studies should be carried to find out whether generic strategies (Use of single strategy or combination of two) have a unique contribution to the overall performance of the private chartered universities. Moreover, the generic strategies should

be compared with hybrid strategies to examine which of the two have more impact on the performance of the universities

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

I am carrying out an important research on “*Influence of Porter’s Generic Strategies on Performance of Private Universities in Kenya*”. This is in a requirement in the School of Business in partial fulfilment of the requirement for the award of master degree in Business Administration and Strategic Management of Pan African University.

Attached is a questionnaire, please answer all the questions with your own true agreement to each. There are no wrong responses for any of these statements. All information given in the questionnaire will be treated with strict confidentiality and used for the purpose of this research only.

Thank you for taking your time to fill in the questionnaire.

Yours sincerely,

Kevin Manyeki

REG NO: MBAD/6654/16

Appendix II: Questionnaire

This questionnaire is divided into three short sections that should take only a few moments of your time to complete. Please respond by ticking the appropriate box or filling in your answers in the blank spaces provided. This is an academic exercise and all information collected from respondents will be treated with strict confidentiality.

Thank you very much for your cooperation

SECTION A: GENERAL INFORMATION

Name of Private University _____ (Optional)

1. Gender of respondents (Tick as appropriate)

Male

Female

2. What is your age bracket? (Tick appropriately)

Below 30 years

31-40:

41-50:

Above 50:

3. What is your highest level of education?

Primary

Secondary

College

University

Other

4. How long has the university been in operation?

less than 1 year

2 to 5 years

6 to 10 years

more than 10 years

SECTION A: DIFFERENTIATION STRATEGY ON PRIVATE UNIVERSITIES PERFORMANCE

Please rate the following statements used to establish the influence of differentiation strategy on performance of private universities in Kenya on a scale of 1-5,

Where, 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

| Statement | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| | 1 | 2 | 3 | 4 | 5 |
| This university adopts technological leadership in its learning operations. | | | | | |
| This university has a promotion and advertising campaign on its product and services. | | | | | |
| This university offers products/services that are different from its competitors | | | | | |
| This university maintains learning service quality that sustains it to remain ahead of competitors. | | | | | |
| This university has a desired brand position differentiated enough to compete in a saturated market | | | | | |

SECTION B: FOCUS STRATEGY ON PRIVATE UNIVERSITIES PERFORMANCE

Please rate the following statements used to establish the effect of Focus strategy on private universities performance on a scale of 1-5,

Where, 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

| Statement | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| | 1 | 2 | 3 | 4 | 5 |
| Courses offered in this university are aligned with the interests of the students and general public | | | | | |
| This university conducts regular media advisements and open days that enlighten the public of it services and products. | | | | | |
| This university has a focus on local and international students and their preferences | | | | | |
| This university discovers and adopts new market trends as they emerge | | | | | |
| This university has close contact to students with social media. | | | | | |

SECTION D: COST LEADERSHIP STRATEGY ON PRIVATE UNIVERSITIES PERFORMANCE

Please rate the following statements used to establish the effect of cost leadership strategy on private universities performance on a scale of 1-5,

Where, 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

| Statement | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|--|-------------------|----------|---------|-------|----------------|
| | 1 | 2 | 3 | 4 | 5 |
| This university continuously seeks to reduce prices without sacrificing its learning services essential features or acceptable quality | | | | | |
| This university has a well-established programme that offers of scholarships to students | | | | | |
| The university lowers prices for courses in order to maintain cost leadership and maintain a high student turnover. | | | | | |
| This university offers price sensitive solutions towards student's academic needs. | | | | | |
| By serving segmented markets ,this university minimizes their cost of operations as prices match the different segments | | | | | |

SECTION E: PRIVATE UNIVERSITIES PERFORMANCE

Please rate the following statements used to assess performance of private university in Kenya on a scale of 1-5,

Where, 1= Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

| Statement | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| | 1 | 2 | 3 | 4 | 5 |
| The university has improved in ranking. | | | | | |
| Students turnover to completion has increased over the last three years | | | | | |
| As a staff , I feel highly motivated at working in the university | | | | | |
| The university has been achieving most of its goals | | | | | |
| The university has achieved its financial targets in the last three years | | | | | |

Thank You for Your Participation

Appendix III: List of Chartered Private Universities

| No | Chartered Private Universities |
|----|--|
| 1 | Africa International University |
| 2 | Africa Nazarene University |
| 3 | Catholic University of Eastern Africa (CUEA) |
| 4 | Daystar University |
| 5 | Kabarak University |
| 6 | KCA University |
| 7 | Kenya Methodist University |
| 8 | Mount Kenya University |
| 9 | Pan Africa Christian University |
| 10 | St. Paul's University |
| 11 | Strathmore University |
| 12 | United States International University |
| 13 | University of Eastern Africa, Baraton |

Appendix IV: Research Authorization Letter



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
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When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/27368/25193**

Date: **15th September, 2018**


Kevin Manyeki Mugugu
Pan Africa Christian University
P.O. Box 56875-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Influence of strategic management practices on performance of private chartered universities in Kenya: A case of Nairobi County”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **14th September, 2019**.

You are advised to report to **the Vice Chancellors of selected Universities, the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.


BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:


The Vice Chancellors
Selected Universities.

The County Commissioner
Nairobi County.

Appendix V: NACOSTI Permit

THIS IS TO CERTIFY THAT:
MR. KEVIN MANYEKI MUGUGU
of PAN AFRICAN CHRISTIAN
UNIVERSITY, 56875-200 NAIROBI, has
been permitted to conduct research in
Nairobi County
on the topic: INFLUENCE OF STRATEGIC
MANAGEMENT PRACTICES ON
PERFORMANCE OF PRIVATE CHARTERED
UNIVERSITIES IN KENYA: A CASE OF
NAIROBI COUNTY
for the period ending:
14th September, 2019

Permit No : NACOSTI/P/18/27368/25193
Date of Issue : 15th September, 2018
Fee Received : Ksh 1000




[Signature]
Applicant's Signature

[Signature]
Director General
National Commission for Science,
Technology & Innovation


THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013
The Grant of Research Licenses is guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014.

CONDITIONS

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.



REPUBLIC OF KENYA



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