

Competitive Strategies Adopted by Private Universities in Kenya.

Steve , Ogwe Lucky¹, Thomas, Joseph² and Edwin, Sitienei³

Correspondence: stephen.ogwe@piu.ac.ke

1,2,3 **Lecturers** School of Business and Management Pioneer International University, Kenya

Abstract: Competitive strategy concerns what an organization does to gain sustainable competitive advantage. This paper sought to determine the influence of competitive strategies adopted by Private Universities in Kenya to gain a competitive advantage over other players in the same industry. A case study approach was adopted to give in-depth understanding of the competitive strategies put in place by Private Universities in Kenya. Primary data was collected using an interview guide and secondary from audited financial reports and other publications at Privates University in Kenya. Content analysis was used to analyze data collected from interviewees. Results showed that Private Universities in Kenya have adopted product(course) differentiation, course cost leadership, customer(students)focus, use of internet to market, their products, offering e-learning, online registration and release of results, strategic alliances and partnerships, horizontal and vertical integration such as acquiring other colleges to ease competition, product (curriculum and course reviews) development through introduction of new courses, concentrated growth, diversification, market development, and vertical integration.

It is recommended that Private universities should focus on strategies that benefit their organization through increased profitability at the least cost possible through employment of differentiation strategies and broaden their scope through student and course focus strategies.

Keywords: Diversification, Course, Focus, Competitive, Strategy, Private University, Product development.

Introduction and Background of the Study

Over the past years, public universities in Kenya have faced many challenges among them challenges are: enrollment beyond their capacity to plan and finance, fiscal challenges beyond their control, decline in quality beyond their anticipation, and weak management practices. To help solve some of these problems, private universities have increasingly emerged and gained ground in Kenya as an alternative to higher education provision (Oketch, 2003).

Thus as the number of private universities continue to grow, so does the competition for market survival intensifies. With the development and progress of civilization, competition has become more complex and firms have engaged in various activities to minimize their operating costs while maximizing profits. Thus, the core competencies of the organization are reflected in their commercial activities and the most competent wins a large chunk of market share and leads the industry (Poddar and Gadhawe, 2007).

This study sought to determine the various competitive strategies that Private universities in Kenya adopt in order to gain a competitive advantage over other players in the same industry. Poddar and

**Check for
Updates**

Citation: Steve Lucky, Thomas,
Joseph and Sitienei, Edwin

Received: 15th August 2018

Accepted: 26th July 2019

Published: 18th October 2019

Gadhawe (2007) defined competitive advantage as the advantage that one firm has, relative to competing firms in the industry. It is the advantage a firm has over others, which helps the firm to fight out others in the race and trap the consumers. The competitive advantage can be in any form or manner, which helps the firm to enlarge and retain the market share by offering consumers greater value, through lower prices or by providing greater benefits and services that justify higher prices.

Competitive strategy is thus the search for a favourable competitive position in an industry, the fundamental arena in which competition occurs (Porter, 1985). It aims to establishing a profitable and sustainable position against the forces that determine industry competition. Johnson, et al (2011) observed that competitive strategy is concerned with how a business achieves a competitive advantage in its domain of activities while Porter (1996) argued that strategy is about being different. Thus it means deliberately choosing a different set of activities to deliver a unique mix of value.

Research Problem

As competition intensifies in the education sector, players are forced to craft superior strategies to help them gain a competitive edge against their competitors.

Kagwira (2004), looked at the extent to which Kenyan Universities practice education marketing and the study revealed that it is practiced to different extent. The study explored the various strategies but it did not address how these strategies help the institutions achieve competitive advantage.

In the above studies, it is evident that the researchers have not really narrowed down to focus on the competitive strategies adopted by private universities despite their rapid growth in the past few years. This study concentrated on the competitive strategies adopted by private universities in Kenya in order to survive in this era of great competition.

Specific Objectives

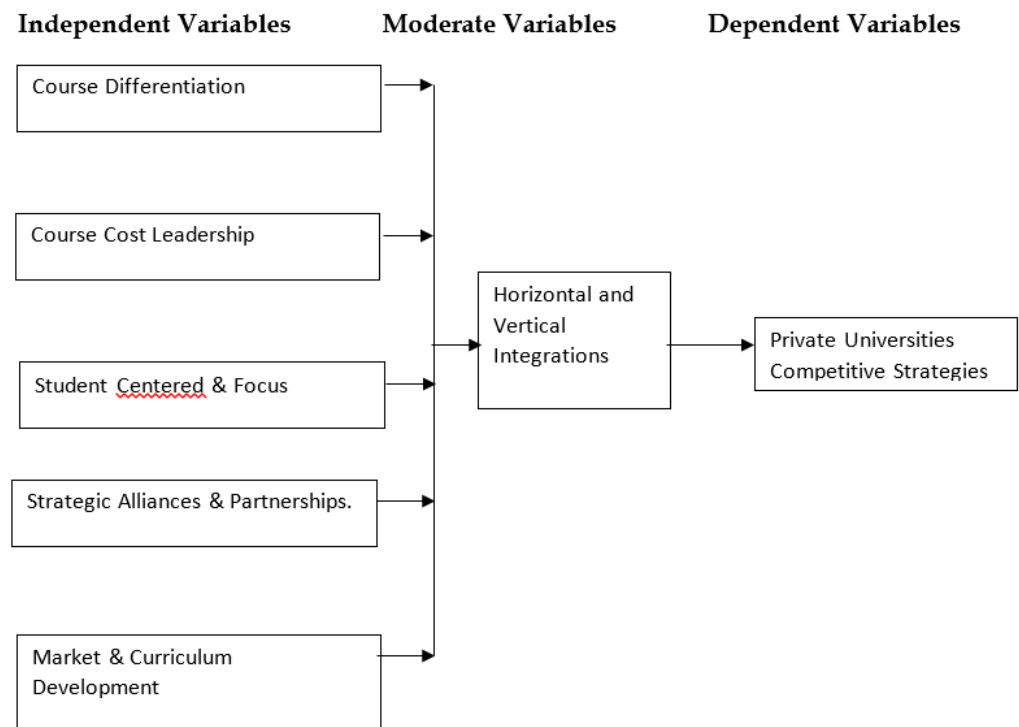
- To examine how course differentiation affects private universities competitive strategies
- To investigate how course cost leadership affect private universities competitive strategies

- To analyze how students centered focus affect private universities competitive strategies
- To examine how private universities strategic alliances, affect their competition
- To analyze how horizontal & vertical integration affect private universities competitive strategies.

Concept of Strategy

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that would enable an organization to achieve its long-term objectives (David, 1989). It is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives and then allocating resources to implement the policies and plans, projects and programs.

Figure 1: Conceptual Framework



Theoretical Review

This study was guided by the resource based view theory to determinants of competitive advantage among private Universities in Kenya. The resource-based view (RBV), suggests that competitiveness can be achieved by innovatively delivering superior value to customers. The extant literature focuses on the strategic identification and use of resources by a firm for developing a sustained competitive advantage (Barney, 1991). International business theorists also explain the success and failures of firms across boundaries by considering the competitiveness of their subsidiaries or local alliances in emerging market. Local knowledge provided by a subsidiary or local alliance becomes an important resource for conceptualizing value as per the local requirements.

Resource Based Theory

Resources are inputs into a firm's production process; can be classified and into three categories as: physical capital, human capital and organizational capital. A capability is a capacity for a set of resources to perform a stretch task of an activity. Each organization is a collection

of unique resources and capabilities that provides the basis for its strategy and the primary source of its returns. In the 21st-century hyper-competitive landscape, a firm is a collection of evolving capabilities that is managed dynamically in pursuit of above-average returns. Thus, differences in firm's performances across time are driven primarily by their unique resources and capabilities rather than by an industry's structural characteristics. The Resource based view theory is used to explain 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.

Porter's Generic Strategies Theory

i) Course Cost Leadership Strategy

This is **Porter's generic strategies theory** known as cost leadership (Malburg, 2000). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1987, 1996; Cross, 1999). 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 (Malburg, 2000). 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). There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, product design, input cost, capacity utilization of resources, and access to raw materials (Malburg, 2000).

ii) Course Market Focus Strategy

The basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members, (Stone, 1995).

iii) Course Differentiation Strategy

Differentiation strategies are marketing techniques used by a firm to establish strong identity in a specific market; also called segmentation strategy. Using this strategy, a firm will introduce different varieties of the same basic product under the same name into a particular product category and thus cover the range of products available in that category. Differentiation strategy can also be defined as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique, (Davidow & Uttal, 1989). Differentiation strategy aims to build up competitive advantage by offering unique products which are characterized by valuable features, such as quality, innovation, and customer service. Differentiation can be based on the product itself, the delivery system, and a broad range of other factors. With these differentiation features, firms provide additional values to customers which will reward them with a premium price.

iv) Horizontal and Vertical Integration Strategy

Horizontal integration is used when a firm's long term strategy is based on growth through the acquisition of one or more similar firms operating at the same stage of the production-marketing chain (Pearce and Robison, 2000). Such acquisition eliminates competitors and provides the acquiring firm with access to new markets. Vertical integration involves the firm expanding the firm's range of activities backward into sources of supply or forward toward end users (Thompson, Strickland and Gamble, 2005).

Study Population

According to Cooper and Schindler (2000), a population is the total collection of elements about which we wish to make inferences. The population of interest in this study comprised of all the twenty-seven private universities which are operating under either interim or full charter in the republic of Kenya. This was therefore a census study.

Data Collection

Primary data was collected using semi-structured questionnaires and each item on the semi-structured questionnaire addressed a research question.

It contained easy to analyse semi-structured questions using statistical techniques and facilitate comparisons to be made across groups. The semi-structured questionnaire was self - administered and copies were dropped to respondents and picked at later date.

The semi-structured questionnaire was divided into three parts. The first part gathered data on the demographic aspect of the university. This included title, gender and length in years of the respondent serving in that post, the university name, schools in the university, years of operation and the number of campuses it has. This information helped to determine the weaknesses and strengths of the university.

The second part sought to establish the strategies employed by the Private universities to gain competitive advantage in the industry. This helped to determine the extent to which some strategies are used as opposed to others. The last section examined the challenges encountered by the Private universities in using each of the competitive strategies highlighted.

Data Analysis

Data analysis generally involved reducing accumulated data to a controllable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper and Schindler 2000). Data was described and analyzed using descriptive statistics such as frequencies, percentages, mean and standard deviation. Measures of dispersion were used to describe the spread of the data using measures such as range and standard deviation.

Data Analysis, Interpretation and Presentation

Of 27 targeted respondents, 25 respondents filled and returned the questionnaires which making a response rate of 92.6 %. Descriptive statistics was used to analyze the data. In the descriptive statistics, relative frequencies were used in some questions and others were analyzed using mean scores with the help of Likert scale ratings in the analysis.



Table 1: Summary of the Respondent's Gender

Gender	Frequency	Percent
Male	17	68.0
Female	8	32.0
Total	25	100

Competitive Strategies Employed by Private Universities

Table 2: Strategies Used by Private Universities to Remain Competitive in the Market

Application of Competitive Strategy	Mean	Std Deviation
Use of student Centered focus	3.8551	.69985
Use of course cost leadership	3.9420	.74254
Course differentiation	3.9855	.72480
Use of concentrated growth such as concentrating on one key area of expertise	3.6739	.60609
Use of course development such as introduction of new courses	3.6957	.56165
Use of market development (such as opening new campuses in new cities and counties and international markets)	3.5725	.55220
Use of vertical integration (such as acquiring high schools)	3.5128	.64215
Use of horizontal integration such as acquiring other colleges to ease Competition.	3.7029	.83193
Use of strategic alliances and partnership.	3.7681	.83962
Use of diversification either in related or unrelated areas.	3.6522	.86572
Use of internet to market, offer e-learning, online registration and release of results.	3.7884	1.11264

Challenges faced by Private Universities

Table 3: Summary of Challenges faced by Private Universities

Challenge	Mean	Std Deviation
Meeting Commission of Higher Education (CHE) requirements	4.4710	.97556
Students strike which affect duration of courses and diminish public Confidence	4.4130	.64760
Increased competition from other universities	3.7464	.70516
Staff turnover	3.7319	.71009
Lack of enough space	3.6232	.88954
Maintaining reasonably low fees	4.1232	1.19276
Imitation of courses by other universities	3.7319	.58621
Students offered by other universities inability to differentiate a university's courses from those offered by other universities	3.5507	.62866
Change in market needs	3.5435	.70576
High fee default rate among students	4.0362	.75850
Huge financial requirement to establish and run the university	3.9203	.86338
Competition arising from foreign and public universities.	4.1522	.80057

From the findings on the challenges faced by private Universities for them to remain competitive in the market, the study revealed that those faced to great extent were: meeting Commission of Higher Education (CHE) requirements as shown by mean of 4.4710, Students strike which affect duration of courses and diminish public, confidence 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, competition from other universities, staff turnover and imitation of courses by other universities in each case, lack of

enough space. Students' inability to differentiate your courses from those offered by other universities and change in market needs as shown by mean values in table 3. Other challenges included market regulation by the government, competition from well-established public universities, lack of student funding by HELB, lack of government support for private universities and shortage of qualified personnel.

Conclusion

The study concluded that Private Universities in Kenya have responded to competition adopting various strategies to remain competitive in the market namely; These were: course differentiation, course cost leadership, customer/student centred & focus, use of internet to market, offering e-learning, online registration and timely release of results, strategic alliances and partnership, horizontal and vertical 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.

Additional challenges include meeting Commission for University Education (CUE) requirements, students strike, maintaining reasonably low fees, high fee default rate among students, huge financial requirement to establish and run the university, increased competition from other universities, high staff turnover, lack of space and change in market needs, among others.

Recommendations

- 1) Private Universities should continually put in place competitive strategic responses to change environment to ensure survival. Through focus strategy they should expand into new markets and identify products that can help them compete within the established markets. This will be done by identifying the segments in the market that suits their products and services.
- 2) Through the already established relationship between competitive strategies and performance improvement in response to increased competition, the strategies put in place should be effective to ensure sustainability

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