COMPETITIVE STRATEGIES ADOPTED BY PRIVATE UNIVERSITIES IN KENYA

BY

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DECLARATION

I, the undersigned, declare that this project is my original work and that it has not been presented in any other university or institution for academic credit.

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This research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

This work is dedicated to my supervisor, parents, friends and the staff of University of Nairobi library for their support in ensuring the successful completion of this project.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Over the past years, public universities in Kenya have faced many challenges. Among these 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 the country as an alternative to higher education provision (Oketch, 2003).

As the number of private universities continue to grow, so does the competition for market survival intensifies. Competition for survival has been the guiding force for existence and it has been associated with the creation of wealth. With the development and progress of civilization, competition has become more complex. The firms are engaged in various activities to minimize their costs and maximize their profits. Thus, the core competencies of the organization are reflected in their commercial activities and the most competent is the winner in grabbing a large chunk of market share and leads the industry (Poddar and Gadhawe, 2007).

In this study, the researcher 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. In their study, Poddar & Gadhawe (2007) defines 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 in increasing and retaining the market share. In simple terms then, competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and services that justifies higher prices.

1.1.1 Concept of Strategy

Strategy is a firm's game plan that enables the firm to create a competitive advantage (Pearce and Robinson, 2000). The firm needs to analyze itself bearing in mind what the competitors are doing. Ansoff and Mc Donnel (1990) define strategy as a set of decision making rules for guidance of organizational behavior. Strategy is thus used as a yard stick to measure a firm's performance and define its relationship with the external environment.

The firm operates in an environment that is very turbulent and the changes that take place in an environment greatly influence the business activities. Strategy helps the firm relate to its environment and serves as a guide to the organization on what it is the organization is trying to do and achieve (Johnson and Scholes, 1999).

Mwenda (2007) notes that firms need strategies to enable them overcome the competitive challenges they experience in the environment where they operate. A competitive strategy therefore enables a firm to gain a competitive advantage over its rivals and sustain its success in the market. A firm that does not have appropriate strategies cannot exploit the opportunities available in the market and will automatically fail. A strategy is therefore a critical factor for success in any market and management needs to craft it carefully to ensure proper fit within the environment within which it is operating.

Porter (1998) described competitive strategy as the search for a favorable competitive position in an industry; the fundamental arena in which competition occurs. He further explains that competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. This involves identifying sources of competition in the ever changing environment then developing strategies that match organizational capabilities to the changes in the environment. According to Porter (1998), competitive strategy is about being different. This means deliberately performing activities differently and in better ways than competitors.

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlined the three approaches to competitive strategy these being Striving to be the overall low cost producer, that is, low cost leadership strategy, secondly Seeking to differentiate one’s product offering from that of its rivals, that is, differentiation strategy and lastly Focus on a narrow portion of the market, that is, focus or niche strategy.

Lester (1989) argued that competitive strategy enables a firm to define its business today and tomorrow, and determine the industries or markets to compete. Grant, (2000) suggested that the intensity of competition in an industry determines its profit potential and competitive attractiveness. Competitive strategy will assist a firm in responding to the competitive forces in these industries or markets.

Owiye (1999) argued that competitive strategies will be vital to a firm while developing its fundamental approach to attaining competitive advantage such as: low price, differentiation and customer focus. Competitive strategies will also be important in determining the size or market position it plans to achieve, and its focus and method for growth.

Porter (1980) argued that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy (Porter, 1980). Porter argues that strategy is about selecting the set of activities in which an organization will excel to create a sustainable difference in the market place.

Day and Wensley (1988) focused on two categorical sources involved in creating a competitive strategy; superior skills and superior resources. Other authors have elaborated on the specific skills and resources that can contribute to a design of competitive strategies. For example, Barney (1991) stated that not all firm resources hold the potential of sustainable competitive advantage; instead, they must possess four attributes: rareness, value, inability to be imitated, and inability to be substituted.

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson and Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics. First; it provides access to a wide variety of markets. Secondly, it increases perceived customer benefits and lastly, it is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price or a better quality product that is worth paying more for, (Porter, 2001).

Competitive strategy concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlines the three approaches to competitive strategy these being ; Striving to be the overall low cost producer, i.e. low cost leadership strategy, secondly, Seeking to differentiate one’s product offering from that of its rivals, that is differentiation strategy and lastly ,focus on a narrow portion of the market, that is, focus or niche strategy.

Competitive strategies adopted by a firm should result in a competitive advantage. Porter (1996) argues that there are three generic competitive strategies which firms can employ. These are cost leadership, differentiation and focus. This generalization was applied in US firms and can be applied amongst companies in Kenya. Owiye (1999) however, argues that findings of studies carried out in one culture could not be assumed to apply to other cultures unless that was supported by research. The environment, that is, cultural context, in USA is very different from that of Kenya.

1.1.2 Competitive Strategies

Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs (Porter, 1985). Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Johnson, Whittington and Scholes (2011) notes that competitive strategy is concerned with how a business achieves a competitive advantage in its domain of activities. Porter (1996) argues that strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. Competitive strategy is concerned with how a company can gain a competing advantage through a distinctive way of competing. Having a competitive advantage is necessary for a firm to compete but what is more important is whether the competitive advantage is sustainable (Kimando, Njogu, & Sakwa, 2012)

Competitive advantage on the other hand can be defined as the advantage a firm has over the others in the industry (Poddar and Gadhawe, 2007). Barney (1991) argues that a firm is said to have a competitive advantage when it’s implementing a value creating strategy not simultaneously implemented by any current or potential competitors and when this firms are not able to duplicate the benefits of such strategy.

The core of a firm’s competitive strategy consists of its external and internal initiatives to deliver superior value to its customers. It includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm’s long term competitive capabilities and market position and tactical efforts to respond to whatever market conditions prevailing at the moment. The competitive aim is therefore to do significantly better job of providing what buyers are looking for, thereby enabling the companies earn a competitive advantage and out compete rivals in the market place.

The choice of strategy that will be adopted by a firm depends on the attractiveness of the industry and the competitive position of the firm (Porter, 1985). A firm in a very attractive industry may not earn profits if it has chosen the wrong strategy and conversely, a firm in an excellent competitive position may be in a poor industry that is not profitable. Porters five forces framework helps identify the attractiveness of an industry in terms of five competitive forces: the threat of a new entrant, the threat of substitutes, the power of buyers, the power of supplies and the extent of rivalry between competitors.

1.1.3 Private Universities in Kenya

Private Universities are universities established in accordance with the Universities Act 1985(CAP 210B) and the Universities Rules, 1989 (Establishment of Universities, Standardization, accreditation and Supervision). Private universities in Kenya operate under a full charter or an interim charter as they await full charter. The private universities offer both undergraduate and postgraduate programs. The Commission of Higher Education (CHE) is mandated with responsibility of ensuring that private universities adhere to the standards of a university. In Kenya currently we have 19 registered private Universities. Kenya is currently leading the East Africa countries of Tanzania and Uganda in the number of private Universities. This is because Kenya was the region’s first country to recognize the importance of private universities (Oketch, 2003).

Private universities in Kenya have notably increased owing to the growing demand for higher education and a subsequent strain on public universities to handle this demand. Oketch (2004), argues that the growth of Private University sector in Kenya has been fuelled by several factors, including: the limited opportunities available in public universities; the constant closures of state funded universities; the need to complement government- managed higher institutions largely for their followers. As profit making organizations, fees are charged strictly in accordance with market forces on the basis of full cost recovery.

In Kenya over 40,000 students qualify for university admission each year, but the public universities through the Joint Admissions Board (JAB) can absorb only approximately 8,000-10,000 students. Banya (2001) noted in 1996 the sharpest increase in higher education enrollment worldwide was reported in sub-Saharan Africa, where the number of students registered was 7.5% more than the previous year. In Kenya, higher education has been the fastest growing segment of the education sector in the past 10 years, averaging 6.2% each year (Republic of Kenya, 1997-1998).

Private universities face numerous challenges including: maintaining a steady supply of students who can afford to pay for private university education, stiff competition from their public universities counterpart who have introduced parallel degree courses for full paying students , aggressive competition from foreign universities who have launched an aggressive campaign for recruiting local students, lacking a research focus comparable to public universities and offering specific and narrow programs (Oketch, 2004).

1.2 Research Problem

As competition intensifies in the education sector, players are forced to craft superior strategies that will help them gain a competitive edge against their competitors. A competitive strategy will aim at establishing a profitable and sustainable position against the forces that determine industry competition (Porter, 1980).

Previous studies have focused on competitive strategies adopted by universities in Kenya (Kitoto, 2005). The researcher explored the competitive strategies adopted by Kenyan Universities and the challenges experienced in implementing these strategies. Mutua (2004), focused on the responses to changing environment by the University of Nairobi. The researcher found out that the university faces many challenges but the greatest of them all is competition from other institutions. 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. In this study, the researcher concentrated on private universities and the competitive strategies they have adopted in order to survive in this era of great competition. This study was guided by the following question: Which kinds of strategies have been adopted by private Universities in Kenya?

1.3 Research Objective

The objective of the study was to determine the competitive strategies adopted by private universities in Kenya.

1.4 Value of the study

This study will be of great benefit to various stakeholders who either have a direct or indirect interest in the private universities. The study will provide information on effective competitive strategies among private universities in Kenya to potential and current scholars. This will expand their knowledge on strategic responses in education institutions and identify areas of further study.

It will also benefit academic researchers since it will help them in developing their theories concerned with the study and to the public at large by educating them on competitive strategies used and research on them further.

It will provide students with information of various private universities and how they can be beneficial to them. Other stakeholders will benefit by being informed on the competitive challenges affecting private universities and the various ways in which universities respond to increased competition.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter surveyed and reviewed the literature related to the topic: competitive strategies adopted by private universities in Kenya. It focused on the various strategies that are available to an institution to gain a competitive edge over its competitors.

2.2 Concept of strategy

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that will 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. Strategic management seeks to coordinate and integrate the activities of the various functional areas of a business in order to achieve long-term organizational objectives. A balanced scorecard is often used to evaluate the overall performance of the business and its progress towards objectives.

Strategic management is the highest level of managerial activity. Strategies are typically planned, crafted or guided by the Chief Executive Officer, approved or authorized by the Board of directors, and then implemented under the supervision of the organization's top management team or senior executives. According to this logical incrementalism perspective (Quinn, 1978), the top management teams set the corporate strategy and sub-units develop specific strategies and tactics needed to respond effectively to environmental challenges (Wright, McMahan and McWilliams, 1994). Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies. In the field of business administration, it is useful to talk about "strategic alignment" between the organization and its environment or "strategic consistency". According to Arie de Geus (2007), there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these, in turn, are with the market and the context. Strategic management involves analysis of the firm's external and internal environments towards making strategic decisions and drawing out comprehensive action-plan for achieving long-term organizational goals. The strategic management framework is based on the firm's vision and mission. Vision and mission also help in the formulation of long-term organizational goals.

2.3 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.

According to Resource Based Theory resources are inputs into a firm's production process; can be classified 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.

2.3.1 Cost Leadership Strategy

This is Porter's generic strategies 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).

Lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, product designs reducing manufacturing time and costs, and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors. The firm may have access to raw materials or superior proprietary technology which helps to lower costs.

Cost leadership strategy seeks to achieve above-average returns over competitors through low prices by driving all components of activities towards reducing costs. To attain such a relative cost advantage, firms will put considerable effort in controlling and production costs, increasing their capacity utilization, controlling materials supply or product distribution, and minimizing other costs, including R&D and advertising.

Firms do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share (Porter, 1987). Lower prices lead to higher demand and, therefore, to a larger market share (Helms et al., 1997). 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 (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).

This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market, (Davidson, 2001).

Cost leadership is based on lower overall costs than competitors. Firms that achieve low cost leadership generally make low cost relative to competitors the theme of their business strategy. The firm opens up a sustainable cost advantage over competitors and uses that lower cost as a basis for either under pricing the competitors and gaining a larger market share at their expense or earning a higher profit margin by selling at the going price.

A low cost leader's basis for competitive advantage is lower overall costs than competitors. This requires the firm to: be better than rivals on efficiency and cost control and continuously seek creative and innovative ways of cutting costs. Successful low cost producers achieve cost advantages by exhaustively pursuing cost savings throughout the activity cost chain. A cost leadership strategy is designed to produce goods or services more cheaply than competitors by stressing efficient scale of operation. When a firm designs, produces, and sells a comparable product more efficiently than its competitors as well as its market scope is industry-wide, it means that the firm is carrying out the cost leadership strategy successfully (Brooks, 1993).

Firms often drive their cost lower through investments in efficient-scale facilities, tight cost and overhead control, and cost minimizations in such areas as service, selling and advertising (Porter, 1980). They often sell no-frills, standardized products to the most typical customers in the industry. Thus, the primary thing for a firm seeking competitively valuable way by reducing cost is to concentrate on maintaining efficiency through all activities in order to effectively control every expense and find new sources of potential cost reduction (Dess and Davis, 1984)

Hambrick (1983) argues that the main dimension of the cost leadership strategy is efficiency, the degree to which inputs per unit of output are low. Efficiency can be subdivided into two categories: cost efficiency which measures the degree to which costs per unit of output are low, and asset parsimony which measures the degree to which assets per unit of output are low. Together, cost efficiency and asset parsimony, capture a firm's cost leadership orientation. To the extent that firms following an efficiency strategy succeed in deploying the minimum amount of operating costs and assets needed to achieve the desired sales, they would be able to improve their financial performance (Hambrick, 1983; Miller, 1987; Porter, 1980). Such firms pay great attention to asset use, employee productivity and discretionary overhead. Their customers buy their products primarily because they are priced below their competitors' equivalent products, an advantage achieved through minimizing costs and assets per unit of output (Hambrick, 1983). To the extent that a cost leadership strategy is built on such generic solutions related to operational efficiency, we expect that such a strategy would be more susceptible to imitation by competitors and peers, implying that the comparative cost advantages would dissipate over time, (Abarbanell and Bushee, 1998).

2.3.2 Market Focus Strategy

The focuser's 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).

A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique product attributes. In the focus strategy, a firm targets a specific segment of the market (Porter, 1996). The firm can choose to focus on a select customer group, product range, geographical area, or service line (Martin, 1999). For example, some service firms focus solely on the service customers (Stone, 1995). Focus also is based on adopting a narrow competitive scope within an industry.

Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. A successful focus strategy (Porter, 1980) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms (David, 2000).

2.3.3 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 and 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.

Differentiation strategy is an approach under which a firm aims to develop and market unique products for different customer segments. Usually employed where a firm has clear competitive advantages, and can sustain an expensive advertising campaign. It is one of three generic marketing strategies that can be adopted by any firm. To maintain this strategy the firm should have: strong research and development skills, strong product engineering skills, strong creativity skills, good cooperation with distribution channels, strong marketing skills, and incentives based largely on subjective measures, be able to communicate the importance of the differentiating product characteristics, stress continuous improvement and innovation and attract highly skilled, creative people, (Baum and Oliver, 1992). Research within service sector (Phillips and Peterson, 2001) concludes that product differentiation is a common way of differentiating the firm's offerings from those of its competitors.

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily, (Porter, 1985).

Firms that succeed in a differentiation strategy often have access to leading scientific research, highly skilled and creative product development team, strong sales team with the ability to successfully communicate the perceived strengths of the product and corporate reputation for quality and innovation, (Baum and Oliver, 1992).

Successful differentiation is based on a study of buyers' needs and behavior in order to learn what they consider important and valuable. The desired features are then incorporated into the product to encourage buyer preference for the product. The basis for competitive advantage is a product whose attributes differ significantly from rivals' products. Efforts to differentiate often result in higher costs. Profitable differentiation is achieved by either keeping the cost of differentiation below the price premium that the differentiating features command, or by offsetting the lower profit margins through more sales volumes, (Grant, 2000).

With the differentiation strategy, on the other hand, the unique attributes or perceptions of uniqueness and characteristics of a firm's product other than cost provide value to customers. The firm pursuing differentiation seeks to be unique in its industry along some dimension that is valued by customers, which means investing in product RandD and marketing (Porter, 1980). It is the ability to sell its differentiated product at a price that exceeds what was spent to create it that allows the firm to outperform its rivals and earn above-average returns, (Dess and Davis, 1984).

A product can be differentiated in various ways. Unusual features, responsive customer service, rapid product innovations and technological leadership, perceived prestige and status, different tastes, and engineering design and performance are examples of approaches to differentiation (Porter, 1980). Rather than cost reduction, a firm using the differentiation needs to concentrate on investing in and developing such things that are distinguishable and customers will perceive. Overall, the essential success factor of differentiation in terms of strategy implementation is to develop and maintain innovativeness, creativeness, and organizational learning within a firm (Ireland et al., 2001; Porter, 1985).

Kotler (2001) insists that anything that a firm can do to create buyer value represents a potential basis for differentiation. Once it finds a good source of buyer value, it must build the value, creating attributes into its products at an acceptable cost. These attributes may raise the product's performance or make it more economical to use. Differentiation possibilities can grow out of possibilities performed anywhere in the activity cost chain, (Dess and Davis, 1984).

Porter (1980, 1985) posited that a firm may obtain a competitive advantage by creating a higher value for its customers than the cost of creating it, either by adopting a differentiation strategy or an efficiency strategy. Firms pursuing a differentiation strategy attempt to differentiate themselves from their rivals using a variety of sales, marketing and other related activities or product and technology innovations. Differentiation relates to the degree to which a product and its enhancements are perceived as unique. A firm adopting a differentiation strategy command above-market prices made possible by the customers' perception of the product being special in some way (Berman et. al., 1999). Miller (1986) noted that there are at least two different types of differentiation strategy: those based on product innovation and those based on intensive marketing and image management. The key success factors which contribute to the profitability of a differentiator include creative flair, strong basic research and product engineering (Kotha and Vadlamani, 1995; Porter, 1980).

Oliver (1996) posits that neo-institutional theory explains heterogeneity and differentiation. Through institutional embeddedness and interconnection, the creation of competitive advantages can be explained because institutional embeddedness has an impact on organizational behavior, causing it to seek an economic and social fit (Lounsbury, 1998). Differentiation supports and sustains competitive advantage, but conformity to institutional pressures provides legitimacy, resources, and competitive advantage. In contexts where institutional and competitive pressures exert strong influences, the strategic decisions of managers result both in conformity to institutional pressures, which leads to isomorphism and legitimacy, and in differentiation, which, following the resource-based view of the firm, can increase the possibility of creating a competitive advantage through heterogeneity in resources and capabilities. Although both alternatives have an effect on performance and the creation and maintenance of dominant market positions, little attention has been paid to the analysis of the effects of conformity on firm performance and competitive advantage.

Differentiation tends to reduce rivalry, increasing the possibility of building competitive advantages, whereas conformity improves the social support of stakeholders and therefore the legitimacy of the firm. Differentiation reduces competitiveness and the fight for scarce resources, thereby improving performance; but on the other hand, conformity makes all organizations similar and, therefore, the competitive pressures are stronger.

Differentiation will create benefits and dominant positions that will last until competitors imitate a firm's key resources, and will be restored through the creation of new opportunities that result in a new competitive advantage and new entry barriers (Ogbonna and Harris, 2003). The new lines of institutional thinking answer this question and establish a point of connection with the resources-based view.

2.3.4 Corporate Growth Strategy

To portray alternative corporate growth strategies, Igor Ansoff presented a matrix that focused on the firm's present and potential products and markets (customers). By considering ways to grow via existing products and new products, and in existing markets and new markets, there are four possible product-market combinations.

Ansoff's matrix provides four different growth strategies: Market Penetration - the firm seeks to achieve growth with existing products in their current market segments, aiming to increase its market share, market development - the firm seeks growth by targeting its existing products to new market segments, product development - the firms develops new products targeted to its existing market segments and diversification - the firm grows by diversifying into new businesses by developing new products for new markets, (Porter, 1996).

The market penetration strategy is the least risky since it leverages many of the firm's existing resources and capabilities. In a growing market, simply maintaining market share will result in growth, and there may exist opportunities to increase market share if competitors reach capacity limits. However, market penetration has limits, and once the market approaches saturation another strategy must be pursued if the firm is to continue to grow, (Mintzberg, 1973).

Market development options include the pursuit of additional market segments or geographical regions. The development of new markets for the product may be a good strategy if the firm's core competencies are related more to the specific product than to its experience with a specific market segment. Because the firm is expanding into a new market, a market development strategy typically has more risk than a market penetration strategy, (David, 2000).

A product development strategy may be appropriate if the firm's strengths are related to its specific customers rather than to the specific product itself. In this situation, it can leverage its strengths by developing a new product targeted to its existing customers. Similar to the case of new market development, new product development carries more risk than simply attempting to increase market share, (Bourgeo, 1980).

Diversification is the most risky of the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm. In fact, this quadrant of the matrix has been referred to by some as the suicide cell. However, diversification may be a reasonable choice if the high risk is compensated by the chance of a high rate of return. Other advantages of diversification include the potential to gain a foothold in an attractive industry and the reduction of overall business portfolio risk, (Barney, 1991). Continuing improvement in operational efficiency at a pace faster than competitors is necessary to sustain superior profitability over time. The rapid diffusion of best practices, though, allows competitors to quickly imitate management techniques and practices. Most generic solutions that can be used in multiple settings diffuse the fastest (Porter, 1996).

2.4 Competitive Strategies Adopted By Private Universities

Strategic management consists of the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages (Dess, Lumpkin, & Eisner, 2008). This means that managers must focus on building competitive advantages that are unique, valuable in the market place and also difficult for competitors to copy or substitute. Barney (1991) notes that competitive advantage is sustained when other firms are not able to duplicate the firm's strategy. Thus sustained competitive advantage exists only after efforts to replicate that advantage have failed. It is for this reason that organizations are focusing on methods and strategies that are difficult to imitate.

Porter (1985) notes that the choice of competitive strategy will be based upon the attractiveness of the industry for long term success and also on the competitive position of the firm in the industry. Not all industries offer equal opportunities for sustained profitability and the inherent profitability of an industry is one essential ingredient in determining the profitability of the firm. A firm in a very attractive industry may not earn attractive profits if it has chosen a poor competitive position. An excellent competitive position may not result to high profits if it is in a poor industry. A firm will have many sources of competitive advantage and it will adopt the one that yields it the highest advantage.

2.4.1 Generic strategies

The idea underlying the concept of generic strategies is that competitive advantage is at the heart of any strategy, and achieving competitive advantage requires a firm to make a choice (Porter, 1985). A firm cannot be all things to all people as this will mean that the firm has no competitive advantage at all. The firm must thus make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it. The generic strategies are mainly; cost leadership, product differentiation and customer focus.

Under cost leadership, a firm seeks to become the lowest cost producer in its industry (Porter, 1985). This can be achieved by the pursuit of economies of scale, implementation of cost cutting technology, stress reduction in overhead and administrative expenses and preferential access to raw materials. If a firm can achieve and sustain cost leadership, then it will be an above –average performer in its industry provided it can command prices at or near the industry average. The products of the cost leader must however be acceptable by the buyer otherwise he will have to sell them at a discounted price. Pearce and Robinson (2005) notes that a low-cost leader is able to use its cost advantage to charge lower prices or to enjoy higher profit margins. By so doing, the fir m can defend itself in price wars, attack competitors on price to gain market share and be dominant in the industry thus gaining exceptional returns.

Porter (1985) notes that in the differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely position itself to meet the needs. The firm is in turn rewarded for its uniqueness with a premium price. Differentiation can be based on the product itself, the delivery system by which its sold, the marketing approach and a broad range of other factors. Differentiation extends beyond the characteristics of the product or service to encompass every possible interaction between the firm and its customers (Kitoto, 2005).

According to Poddar & Gadhawe (2007) focus is a generic strategy that emphasizes a particular group, geographical location, a particular age group or income level, profession or on the basis of sex. The underlying assumption that hovers around focus is that a firm should be able to serve a narrow strategic target group effectively and efficiently. The customers are further assumed to have different needs and wants with a bias for different type of product or differentiated product. In other words, there must be a valid basis for differentiation and existing competitors are not meeting those needs and wants.

According to porter (1985) focus strategy has two variants. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segments and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other segments in the industry. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments. Such differences imply that that the segments are poorly served by broadly-targeted competitors who serve them at the same time as they serve others.

2.4.2 Concentrated growth strategy

This is the strategy of the firm that directs its resources to the profitable growth of a single product, in a single market, with a single dominant technology (Pearce and Robinson, 2000). The main rationale for this approach is that the firm thoroughly develops and exploits its expertise in a delimited competitive arena. The concentrated growth strategies lead to enhanced performance. The ability to assess market needs, knowledge of buyer behavior, consumer price sensitivity, and effectiveness of promotion are characteristics of concentrated growth strategy.

Pearce and Robinson (2000) notes that such core capabilities are more important determinant of competitive market success than are the environmental forces faced by the firm. The high success rates of new products also are tied to avoiding situations that require undeveloped skills, such as new customers and markets, acquiring new technology, building new channels, developing new promotional abilities and facing new competition. A firm employing concentrated growth grows by building on its competences, and it achieves a competitive edge by concentrating in the product-market segment it knows best. Such a strategy is best applicable in the late growth and maturity stages of the product life cycle and in the product markets where product demand is stable and industry barriers such as capitalization, are high.

The firm that chooses a concentrated growth strategy directs its resources to the profitable growth of a narrowly defined product market, focusing on a dominant technology. Firms that remain within their chosen product market are able to extract the most from their technology and market knowledge and, thus, are able to minimize the risk associated with unrelated diversification. The success of a concentrated growth strategy is founded on the firm's use of superior insights into its technology, product and customer to obtain a sustainable competitive advantage.

2.4.3 Market Development Strategy

Pearce and Robinson (2000) notes that market development strategy consists of marketing present products, often with only cosmetic modifications , to customers in related market areas by adding channels of distribution or by changing the content of advertising or promotion. Firms that open branch offices in new cities, states or countries are practicing market development. Firms can also practice market development if they switch from advertising in the trade publications to advertising in the newspaper.

Market development allows firms to practice a form of concentrated growth by identifying new uses for existing products and new demographically, psychographically or geographically defined markets. Changes in media selection, promotional appeals and distribution are used to initiate this approach.

2.4.4 Product Development Strategy

Product development involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels (Pearce and Robinson, 2000). The product development strategy often is adopted either to prolong the life cycle of current products or to take advantage of a favorite reputation or brand name. The idea is to attract satisfied customers to new products as a result of their positive experience with the firm's initial offering. The product development strategy is based on the penetration of existing markets by incorporating product modifications to the existing product line.

2.4.5 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). A firm can pursue vertical integration by starting its own operations in other stages in the industry's activity chain or by acquiring a company already performing the activities it wants to bring in-house. Pearce and Robison (2000) argue that a firm is said to be using vertical integration strategy when it acquires firms that supply it with inputs or firms that are customers to its outputs.

The main reason for choosing a vertical integration strategy is the desire to increase the dependability of the supply or quality of the raw materials used as production inputs. That desire is particularly great when the number of suppliers is small and the number of competitors is large. In this situation, the vertically integrating firm can better control its costs and thereby improve the profit margin of the expanded production- marketing system.

2.4.6 Diversification Strategy

Diversification represents distinctive departures from a firms existing base of operations, typically the acquisition or internal generation of a separate business with synergistic possibilities counterbalancing the strengths and weaknesses of the business (Pearce and Robinson, 2000). It can either be concentric or conglomerate diversification. Concentric diversification involves the acquisition of businesses that are related to the acquiring firm in term of technology, markets or products. The ideal concentric diversification occurs when the combined company profits increase the strengths and opportunities and decrease the weaknesses and exposure to risk. Thus, the acquiring firm searches for new businesses whose products , markets , distribution channels, technologies, and resource requirements are similar to but not identical with its own, whose acquisition results in synergies but not complete interdependence. Conglomerate diversification occurs when a firm acquires another not related to its activities. This could be due to the fact that the acquired firm represents a most promising investment opportunity available.

2.4.7 Strategic Alliances

Strategic alliances are partnerships that exist for a defined period during which partners contribute their skills and expertise to a co-operative project (Pearce and Robinson, 2000). For example one partner provides manufacturing capabilities while a second partner provides marketing expertise. Many times, such alliances are undertaken because the partners want to learn from one another with the intention to be able to develop in-house capabilities to supplant the partner when the contractual arrangement between them reaches its termination date. Such relationships are tricky since the partners are attempting to steal each others know-how.

2.4.8 Internet- based Strategies

As the internet continues to weave its way into the fabric of everyday business and personal life, and as the second wave of internet entrepreneurship takes root, companies of all types are addressing how best to make the internet a fundamental part of their business and their competitive strategies (Thompson, Strickland and Gamble ,2005). Few if any businesses can escape making some effort to use internet applications to improve their value chain activities. Managers must decide how to use the internet in positioning the company in the market place. Whether to use the company's website as simply a means of disseminating product information or as a secondary or minor channel for making sales, as one of the several important distribution channels for generating sales to end users

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research methodology and covers the research design, the population, data collection, data measurement and data analysis. It details how the information relating to competitive strategies adopted by private universities in Kenya was collected and analyzed.

3.2 Research Design

The research adopted a descriptive survey design. Descriptive studies relates to characteristics related with the subject population. Saunders et al (2003) asserts that a descriptive research portrays an accurate profile of persons, events or situations. Both qualitative and quantitative data was collected using a semi-structured questionnaire.

3.3 The 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 universities which are operating under either interim or full charter. This was therefore a census study.

3.4 Data Collection

The study used primary data. This was collected using semi-structured questionnaires. Each item on the semi-structured questionnaire addressed a research question. It contained semi-structured questions. These are easy to analyze using statistical techniques and facilitate comparisons to be made across groups. The semi-structured questionnaire are self completion and were dropped and picked at later date.

The semi-structured questionnaire were divided into three parts. The first part gathered data on the demographic aspect of the university. This included title, gender and 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 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 universities in using each of the competitive strategies highlighted.

3.5 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.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter presents the research findings to determine the competitive strategies adopted by private universities in Kenya. The study was conducted on 27 respondents who were served with a questionnaire; out of 27 targeted respondents, 25 respondents filled-in and returned the questionnaires which make 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.

4.2 General Information

On the position held by the respondent in the organization, the study found that respondents held various positions in their organization. These were: administrators, head of department, college principals, operation managers, accountants, finance officer, lecturers and academic registrars. On the number of years the respondent held their position, the study found that respondent held their position for 3 to 7 years, this is an indication that respondent were in their position long enough to give credible information to the study.

Table 4.1 Summary of the respondent's gender

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

Source: Research Findings, 2013

From the findings on the gender of the respondents, the study found that majority of the respondents as shown by 68% indicated that they were males, whereas 32% of the respondents indicated that they were females. This is a clear indication that both gender were involved in the study, though not in equal proportion.

The study sought to determine the number of years their organization has been in operation in the Kenyan Market. From the findings, the study found that respondents indicated that their organization has been in operation for between 11 to 33 years in operation in the Kenyan market.

The study requested the respondent to indicate the number of campuses their University had. From the findings, the study found that the number of campuses ranged between 2 to 11 campuses. This is an indication that majority of private Universities were wide spread in the market.

4.3 Competitive Strategies employed By Private Universities

Table 4.2 Strategies used by private universities to remain competitive in the market

Application of competitive Strategy	Mean	Std deviation
Use of customer focus	3.8551	.69985
Use of cost leadership	3.9420	.74254
Product differentiation	3.9855	.72480
Use of concentrated growth such as concentrating on one key area of expertise	3.6739	.60609
Use of product 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	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

Source: Research findings, 2013

From the findings on the extent to which various competitive strategies were used by private Universities to remain competitive in the market, the study revealed that the following strategies were used to a great extent. They include: product differentiation as shown by mean of 3.9855, cost leadership as shown by mean of 3.9420, customer focus as shown by mean of 3.8551, use of internet to market, offering e-learning, online registration and release of results as shown by mean of 3.7884, strategic alliances as shown by mean of 3.7681, horizontal integration such as acquiring other colleges to ease competition as shown by mean of 3.7029, product development such as introduction of new courses as shown by mean of 3.6957, concentrated growth such as concentrating on one key area of expertise as shown by mean of 3.6739, diversification either in related or unrelated areas as shown by mean of 3.6522, market development (such as opening new campuses in new cities and counties and international markets) as shown by mean of 3.5725 and integration (such as acquiring high schools) as shown by mean of 3.5128. Other strategies used by private Universities in order to remain competitive in the market included: organizing career talks and strategic partnership with international Universities.

4.4 Challenges Faced By Private Universities

Table 4.3 summary of the 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 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

Source: Research findings, 2013

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 as shown by mean of 4.4130, maintaining reasonably low fees as shown by men of 4.1232, competition arising from foreign and public universities as shown by mean of 4.1522, high fee default rate among students as shown by mean of 4.0362, huge financial requirement to establish and run the university as shown by mean of 3.9203, increased competition from other universities as shown by mean of 3.7464, staff turnover and Imitation of courses by other universities as shown by mean of 3.7319 in each case , lack of enough space as shown 3.6232, Students inability to differentiate your courses from those offered by other universities as shown 3.5507 and Change in market needs as shown by mean of 3.5435 .

The study further revealed that other challenges faced by private for them to remain competitive in the were: 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.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine the competitive strategies adopted by private universities in Kenya.

5.2 Summary of Findings

From the findings on the competitive strategies employed by Private Universities to remain competitive in the market , the study revealed the competitive strategies were: product differentiation, cost leadership, customer focus, use of internet to market, offering e-learning, online registration and release of results, strategic alliances, vertical integration such as acquiring secondary schools, horizontal integration such as acquiring other colleges to ease competition, product development such as introduction of new courses, concentrated growth such as concentrating on one key area of expertise, diversification either in related or unrelated areas, market development such as opening new campuses in new cities and counties and international markets, and strategic partnership with international Universities.

The study revealed that the challenges faced by Private Universities in the market were: meeting Commission of Higher Education (CHE) requirements, 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, 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 , change in market needs, 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.

5.3 Conclusion

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.

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 , change in market needs, regulation by the government , competition from well-established public universities and lack of student funding by HELB.

5.4 Implications of Results

From the study, it is evident that a wide range of strategies are applicable to a firm that wants to succeed in attaining a competitive position in the market. This implies that the university should try to explore a strategy that is not easily imitated by the competitors. There are also a number of challenges that the university has to overcome for it to be successful in the market.

5.5 Recommendations

The study recommends that Private Universities should put in place competitive strategic responses to help them gain a competitive advantage over their competitors. They should focus on strategies that benefit their organization through increased profitability at the least cost possible. Through the employment of differentiation strategies, Private Universities should find strengths that enable them to broaden their scope within the Private Universities market and identify a position for themselves. 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.

Through the already established relationship between competitive strategies and performance improvement in response to increased competition, the strategies put in place should be effective. These will help them to establish a profitable and sustainable position against the forces that determine industry competition. This is because good strategy can contribute to growth, profitability, market penetration, cost-reduction, cutting-edge differentiation of products and sustainable competitive advantage of business firms.

5.6 Areas For Further Study

This study has led to identification of various areas that should be studied on to broaden the work done on competitive strategies adopted by private universities in Kenya. The researcher suggests that further research should be done on the challenges faced in adopting the competitive strategies hence hindering their effectiveness in response to increased Competition.

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APPENDICES

Appendix 1: Questionnaire

Dear Respondent,

This questionnaire is designed to gather information on the competitive strategies adopted by private universities in Kenya. This study is being carried out for a strategic management paper as a requirement in partial fulfillment of the degree of Master of Business Administration, University of Nairobi. The information given will be treated with confidence and in no instance will your name be mentioned in the report.

Kindly tick where appropriate

SECTION A : GENERAL UNIVERITY DATA

1. University Name……………………………………………………………..
2. a) What is your position in the university?..

   b) How long have you held this position?..

   c) What is your gender? Male ( ) Female ( )
3. How many years have you been in operation in the Kenyan Market?..................
4. How many campuses do you have?...

SECTION B

5. Please tick the extent to which you have used the following strategies to remain competitive in the market. Use the following scale

   1. Not at all 2. Little extent 3. Moderate extent 4. Great extent

   5. Very great extent

Application of competitive Strategy	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Use of customer focus					
Use of cost leadership					
Product differentiation					
Use of concentrated growth such as concentrating on one key area of expertise					
Use of product development such as introduction of new courses					
Use of market development (such as opening new campuses in new cities and counties and international markets)					
Use of vertical integration (such as acquiring high schools)					
Use of horizontal integration such as acquiring other colleges to ease competition.					
Use of strategic alliances					
Use of diversification either in related or					

unrelated areas.					
Use of internet to market, offer e-learning, online registration and release of results.					

Others(specify)…………………………………………………………………………

……………………………………………………………………...

....

SECTION C.

6. The following are some issues identified as challenges. Please indicate the extent to which they are a challenge to your institution. Use the following scale

    1. Not at all 2. Little extent 3. Moderate extent 4. Great extent. 5. Very great extent

Challenge	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Meeting Commission of Higher Education (CHE) requirements					
Students strike which affect duration of courses and diminish public confidence					
Increased competition from other universities					
Staff turnover					
Lack of enough space					

Maintaining reasonably low fees					
Imitation of courses by other universities					
Students inability to differentiate your courses from those offered by other universities					
Change in market needs					
High fee default rate among students					
Huge financial requirement to establish and run the university					
Competition arising from foreign and public universities.					

Others (specify)

…………………………………………………………………………………………………
…………………….………………………………………………………………………………
…………

Appendix II: Private Universities In Kenya

Chattered Private Universities in Kenya

1. African Nazarene University
2. Catholic University of East Africa
3. Daystar University
4. Kabarak University
5. Kenya Methodist University (KEMU)
6. Pan African Christian University
7. St. Paul's University
8. Strathmore University
9. University of East Africa Baraton
10. United Stated International University (USIU)
11. Mount Kenya University (MKU)
12. African International University
13. Kenya Highlands Evangelical University
14. Great Lakes University of Kisumu (GLUK)
15. Scott Theological College.
16. KCA University (KCAU)

Private Universities operating under the letter of Interim Authority

1) Aga Khan University
2) Genco University
3) Kiriri Women University of Science and Technology
4) Presbyterian University of East Africa
5) Adventist University of Africa
6) GRETSA University
7) Inoorero University
8) The East African University
9) Management University of Africa
10) Pioneer International University
11) Riara University