

**EFFECT OF SCHOOL BASED PROGRAMMES AND FEES SUBSIDIZATION  
ON ORGANIZATIONAL GROWTH OF UNIVERSITIES IN COASTAL  
COUNTIES OF KENYA**

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**Abstract**

*The competition for students is intensifying across the globe and creating a need for competitive strategies in order to attract students and partners. In Kenya, however, little is known regarding the influence of subsidization of fees and offering school based courses on organizational growth of universities in the coastal region of Kenya. Therefore, the main objective of this study was to determine the effect of subsidization of fees and offering school based courses on organizational growth of the universities in the area. Porter's competitive generic strategies provided an ideal theoretical framework for analyzing the performance of the two independent variables in relation to university growth. The study adopted a survey research design targeting 16 universities, both public and private located in the coastal region of Kenya. From these the accessible population comprised 160 management level employees. Naissuma formula was used to generate a sample size of 65 respondents who were selected from the universities through systematic random sampling. Data were collected through copies of questionnaire and were analyzed using descriptive and inferential statistical methods. It emerged that as derivatives of generic competitive strategies, subsidization of fees and offering school based courses were impacting significantly on the universities' organizational performance and giving them competitive advantage. However, subsidization of fees was a weaker variable and, hence, unlikely to be sustained in the long run if other cost advantage measures were not introduced to support it. The study, thus, recommends that the universities in the area should implement the two strategies following the Bowman Strategy Clock that enable them to know when to optimize a given strategy or a combination of the strategies.*

**Keywords:** Fees subsidization, School based courses, Organizational growth, Coastal region.

## **1.0 Introduction**

### **1.1 Background**

Higher education in the world today is trying to adapt to the rapidly changing environmental dynamics characterized by intensifying competition. For instance, the American higher education sector has grown from a collection of small, local markets to regional and national markets (Hoxby, 2007). In a different context, that is, the United Kingdom (UK), the intense competition for students is due to the increasing number of universities in close proximity to each other in major towns such as London, Oxford, Leeds and Sheffield cities amongst others. In Malaysia, higher education has experienced an increasing competition among universities and higher education institutes to attract students both locally and internationally (Mazzarol&Soutar, 2008). Higher education in Ghana is also being increasingly characterized with privatization and competition (Manuh, et al., 2007).

In Kenya, over 300,000 students are enrolled in universities and other higher education institutions in the country in the current cohort. Approximately 20% or 60,000 of these students are enrolled in the private higher education sector (CHE, 2016). Even then, over 30,000 students still have to go abroad for higher education. Evidently, there is high competition for university education in Kenya. Students who qualify for university education in the country are selected to join public universities whose fee is subsidized by the government (Gudo, Olel & Oanda, 2011). The selection is done through Kenya Universities and Colleges Central Placement Service (KUCCPS) formerly Joint Admissions Board (JAB), whose mandate was granted in 2012. The placements are done depending on their course and campus choices. However, it is quite evident that the public higher education system in the country has the lion's share of student enrolment absorbing more than 80% of the students (Gudo, 2013).

Evidently, the higher education environment, both internationally and locally, has become competitive and higher learning institutions increasingly have to compete for students in the recruitment market (James, Baldwin & McInnis, 2009). This has created the need for development of competitive strategies in order to attract and retain students who have already several college options (Agumbi, 2013). Strategies give a firm the ability to define itself in the market relative to the other firms it is in competition with (Lester, 2019). Porter (1980) argues that higher performance can be made in an industry with competition through the use of a generic strategy. Porter further argues that strategy is making a selection of the activities that a firm will excel in to make sustainable differences in the market. Consistent with Porter (1985), Owiye (2019) argues that the strategies a firm makes are crucial in determining the competitive advantage it has over its rivals in the market and such strategies include lower pricing, focus on customers and differentiation. The strategies are also important in determining the development that is to be made and the position in which it achieves in the market. Universities, all across the

globe, are using a variety of strategies to enable them position themselves competitively in the higher education market. In Kenya, some universities are subsidizing fees and offering flexible programmes such as school-based learning programmes (SLPs) during the holidays in order to remain competitive in the higher education (HE) market.

### **1.1.1 Income Generating Activities and Growth of Public Universities in Kenya**

Kenya has over 55 universities with a significant number having grown from constituent colleges to fully fledged chartered universities. Due to the liberation of higher education resulting to influx of several higher education institutions, the universities have been operating at a highly turbulent environment that coupled with constraints in funding threaten their survival. Public universities in Kenya, for instance, are finding themselves having to admit more students, provide more programmes, acquire new facilities, equipment and hire more staff as policies meant to improve access to higher education continue to take effect. However, for the universities to thrive under these new developments, there is need for sustainable competitive strategies.

The government of Kenya through the Universities Act 2016 granted public universities the mandate to design, develop and operate entrepreneurial income generating units (IGUs) profitably in order to boost their income and reduce their dependence on direct government cash transfers to fund their programmes. As such, some universities undertook to develop and run several income generating activities (IGAs) such as self-sponsored programmes (SSPs), commercial ventures and research and consultancies. The school-based learning programmes (SLPs) originally designed for teaching courses and then expanded to include other programmes are the most prominent of the SSPs. The school-based learning programmes as compared to other SSPs or Module II programmes have their fees subsidized and, as such, are deemed to be more affordable to the students and less costly for the university to deliver given that they are run for a very short time (approximately three months) in the academic year. However, questions abound as to whether the SLPs and their cost reduction strategies translate to growth of the universities.

University growth is as a result of effectiveness of the strategies adopted by the University (Odhiambo, 2013). There are many indicators that can be used to show that growth has taken place in the University. Growth can occur in terms of infrastructural facilities the university possesses. The facilities are in form of buildings for classes and offices, laboratories, libraries and other facilities that facilitate learning in the university. This can be used as measure of whether a given institution has grown or not. Student enrollment is another factor that can be used to indicate growth of a university. Increment in student enrollment in a university is an indicator of growth (Kitum, 2010). Fees payment is another significant issue when assessing growth of a university. When universities put in place measures to improve fees payment, they are able to create improved growth avenues.

### **1.1.2 Universities in Coastal Counties in Kenya**

In nearly two decades after the introduction of free education in the country, there has been marked levels of students' transition from primary to secondary schools and as such the number of students graduating from secondary schools. Consequently, there has been a high number of college age students in the country demanding to be absorbed in institutions of higher learning. This, together with reforms in the higher education sector has seen the establishment of several universities and growth of their satellite campuses in several regions and towns in the country among them being the Coast region (Mukhwana et al., 2016). The Coast region of Kenya comprises of six counties on the south eastern side of the country contiguous to the Indian Ocean. These counties have also benefited from the ongoing expansion of the universities with a number of constituent colleges of universities and several satellite campuses having been established in the region. Among the institutions in the coast are the Cooperative University College of Kenya, TaitaTaveta University College, Daystar University, KAG East University, Methodist University in Kenya, Kenyatta, Moi, Technical University of Mombasa, Pwani. Evidently, the high number of universities in the region suggests that the level of competition for students is high. Therefore, the universities in the area have to embark on competitive strategies to achieve growth.

### **1.2 Research Problem**

The high competition in the higher education sector in Kenya coupled with declining funding is necessitating public universities come up with strategies that will market them more than their competitors. The strategies aim at gaining higher profits and sustaining them in the market competitive position against all other external factors that determine competition (Porter, 1980). According to Nicolescu (2009), survival in the industry is largely determined by their ability to respond to the changing environment competitively. Kagwira (2014), however, argues that the universities in Kenya practice marketing of education in their own different level as compared to other universities around the world. Previous studies such as Katamei (2015), Yego (2016) and Alando (2016) looked into the strategies that are used by the Kenyan universities to remain competitive. However, the studies did not focus on the effect of strategies such as school-based programmes and subsidization of fees on organizational growth of universities. Therefore, the present paper examined how the universities in the coastal region of Kenya employ the strategies and the effects they have on their growth using Porter's cost leadership and differentiation strategies as its analytical framework.

### **1.3 Objectives of the Study**

The main objective of this study was to determine the effect of school-based programmes and subsidization of fees on organizational growth of universities in the coastal region of Kenya. The specific objectives are to:

- a) Determine the effect of subsidized fees on organizational growth of universities in the coastal region of Kenya.
- b) Find out the effect of school based courses on organizational growth of universities in the coastal region of Kenya.

## **2.0 Literature Review**

### **2.1 Porter's Generic Strategies**

The notion that the generic strategies can be a source of superior performance is as old as the idea of strategy itself and has provoked considerable interest and inquiry within the strategic management discipline (Livvarcin, 2007). Porter (1980) was the first person who introduced generic strategies and proposed that by using them the organization can achieve competitive advantages. These were overall cost leadership, differentiation, and market niche (or focus). Porter articulated the set of three generic strategies and developing them into a testable framework (Hahn & Powers, 2010). Porter (1980) explains that the three strategies are an essential part of any effective business plan, which a firm can use to obtain a competitive market position. Porter (1985) further asserts that a firm performs best by choosing one strategy on which to concentrate. However, this view has been criticized by several authors who argue that a combination of these strategies may offer a company the best chance to achieve superior performance (Johnson, Scholes & Whittington, 2008; Johnson & Scholes, 2005). All the same, whatever strategy a business chooses, it must fit with the company and its goals and objectives to perform well (Hahn & Powers, 2010).

Since the present study was concerned with subsidized fees/waivers and use of school based courses as competitive strategies by the universities, the cost leadership and differentiation dimensions were used as frameworks to investigate their effect on competition. According to Porter's Generic Strategies theory, cost leadership enables a firm to become the low cost producer in its industry. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry. However, the sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. The cost leadership strategy allows a firm to achieve a stronger position than its rivals, because the firm's low operating costs allow the firm's executives to reduce prices while maintaining profit until their closest rival's profit margins vanish (Shi *et al.*, 2008). Due to the firm's wider operating cost margins, even if its competitors were to force a price increase, the company would still have a cost advantage. Subsidization of fees was expected to be realized effectively when the universities were actively pursuing cost leadership strategy.

Differentiation enables firms to achieve competitive advantage over their rivals because of the perceived uniqueness of their products and services (Acquaah & Yasai-Ardekani, 2006). Porter (1980) stated that competitive strategies deal with the development of attributes that characterize a company and differentiate the value it creates and offers in comparison to its competitors. Pearce and Robinson (2008) aver that differentiation strategies are based on providing buyers with something that is different or unique, that makes the company's strategic positioning, product or service distinct from that of its rivals. In effect, differentiation builds competitive advantage by making customers more loyal - and less price-sensitive-to a given firm's product/service. Additionally, consumers are less likely to search for other alternative products once they are satisfied (Hernant, Mikael & Thomas, 2007). School based courses in universities in Kenya are among the core programmes on offer and are essentially differentiated programmes meant to cater for the needs of school teachers at different levels. Therefore, the differentiation strategy was meant to provide insight into the effect of course differentiation on organizational performance of the universities.

## **2.2 Subsidizing Fees/Waivers**

The main aim of higher education subsidies is usually to provide college education without paying much fee. It enables most families to be able to access college education and get some training on different courses due to the ability to pay for college. This enables growth of the universities as there is a higher enrolment. Proponents of university fee reduction claim that it may lead to some missing the chance due to poor backgrounds. Their proposals typically suggest that Universities need to lessen charges that are direct, and compensate the students through fixing each student to public subsidies. In support of such objectives, they point to increases in programmes that will not be paid any fee at all (Oxfam, 2001, 2002; Al-Samarrai and Zaman, 2000; MacJessie, 2002).

Subsidies in university education have come in various ways and have impacted positively on the growth of university. The most popular form of subsidy or waiver is almost full payment by the government for the students who enroll through the country, the Kenya Universities placement body, which replaced by the Admissions Joint Boards. The government of Kenya pays almost the entire amount of fees for the students admitted under this programme and subsidizes their accommodation in campus. This has led to massive increase in university enrollment over the years. Another form of subsidies extended to the students includes loans and bursaries given to the students by the Higher Education Loans Board. Though payable after completion, such waivers help students afford course offered in Universities in Coast province and thus contributing to growth of these institutions.

## **2.3 School Based Courses**

Kenyan's thirst for degree courses and, hence an increase in the demand in the universities, and teachers are not exempted. Most teachers, in primary and secondary

schools, are not lucky enough to get study leave, forcing them to enroll for school-based programmes that usually take place during school holidays. While teacher education is a very delicate and important sector in the development of society, our universities have worked on their programmes so that they can cater for ‘teacher students.’ Most universities in Coast province have taken the advantage of this rush for University education and thus resulting to their growth. The teachers who enroll in these programmes part with huge amount of money which Universities used in their growth.

### **3.0 Research Methodology**

#### **3.1 Research design**

This research adopted a descriptive survey research design. The use of this design was informed by its convenience when dealing with a large number of the interviewees from a large number of institutions (Cooper & Schindler 2008). Porter’s competitive generic strategies provided an ideal theoretical framework for analyzing the performance of the two independent variables in relation to university growth owing to its wide application in the examination of generic competitive strategies by firms.

#### **3.2 Target Population**

The population of interest to the present study were the 16 universities, both public and private, in four Coastal Counties in Kenya, that is: TaitaTaveta, Kwale, Mombasa and Kilifi. Each university has management team members that make the decisions and set the strategies. Ten management staff from each university in the area who included the members of the administration and heads of departments were thus targeted in the study bringing the accessible population to one hundred and sixty management team members.

#### **3.3 Sample and Sampling Techniques**

The study sampled the universities across the four counties and for the accessible population, employed the Nassiuma (2000) formula, under.

$$n = \frac{NC^2}{C^2 + (N - 1) e^2} .$$

Where:

N = 160 was the total accessible population

C = 0.5 was the coefficient of variation

e = 0.05 was the significance level

n = 65 was sample size determined by the formula

Systematic random sampling was used to select the members of management team in the universities in such a way as to ensure each member had an equal chance of being selected to participate in the study.

### **3.4 Data Collection Instruments**

Collection of the data was majorly done by use of a questionnaire developed by the researcher that comprised of both structured and unstructured questions. The structured part contained Likert scale to enable quantification of the responses. The advantage of using questionnaire is that each respondent gets to be asked a similar set of questions that provide an efficient way of collecting responses from a large sample prior to analysis (Saunders, et al 2015). The copies of questionnaire were pretested for validity and reliability before being administered. This was achieved by first pilot testing the instruments on a non-participating sample of respondents.

### **3.5 Data Processing and Analysis**

The analysis of data was done with the aid of SPSS version 23.0. The data was analyzed using descriptive and inferential statistics. Descriptive statistics involved percentages and means while inferential statistics employing Spearman's rank coefficients was used to examine the relationship between the independent variable and the dependent variables. The researcher administered 65 to the respondents drawn from universities located in the coastal region, out of these, 59 copies of questionnaire were returned representing a response rate of 91%. This response rate was very high and, therefore, very good for research purposes as recommended by Babbie (2004).

## 4.0 Research Findings and Discussion

### 4.1 Subsidized Fees/Waivers and Organizational Growth of Universities

Subsidized Fees Statements	1	2	3	4	5	Mean	Std. Dev.
In our university, students pay tuition fees based on the courses they are undertaking with science students paying more than those studying arts.	0%	0%	8.5%	49.2%	42.4%	4.34	0.624
Pressured not to increase fees, universities have turned to commercial activities to raise funds for expansion, with subsidies from the state lagging behind growth in enrolments	0%	0%	40.7%	42.4%	16.9%	3.76	0.766
Our employees are given fee waivers encouraging more employees to go back to class	0%	0%	16.9%	50.8%	32.2%	4.15	0.810
Universities have been unable to enroll a high proportion of school-leavers who seek higher education due to constrained facilities as admissions are based on bed capacity.	0%	0%	32.2%	25.4%	42.4%	4.10	0.799
The rate of dropouts in universities is highly contributed by push out factors related to costs of schooling such as high tuition fees and poverty levels in universities	0%	0%	16.9%	57.6%	25.4%	4.08	0.686

The study first sought to assess the effect of subsidized fees/waivers on organizational growth of universities in the coastal region of Kenya. A Likert scale of 1 to 5 was used with 1 representing not at all and 5 representing very great extent. Correspondingly; 1 = Not at all; 2 = Little extent; 3 = Moderate extent; 4 = Great extent; 5 = Very great extent. The results are summarized in Table 1.

**Table 1: Percentage Distribution of Respondents' Perception on Subsidized Fees**

Source: Field study, 2019

The results in Table 1 suggest that respondents strongly agreed that in their university, students pay tuition fees based on the courses they are undertaking with science students paying more than those studying arts (mean = 4.34). In addition, most

respondents (mean = 3.76) agreed that as a result of the pressure not to increase fees, universities have turned to commercial activities to raise funds for expansion, with subsidies from the state lagging behind growth in enrolments. Universities are adopting alternative methods to raise their financial base among them being the IGU policy and funded researches.

The findings also indicate that university employees are given fee waivers encouraging more employees to go back to class as indicated by majority of the respondents who strongly agreed (mean = 4.15). This is geared towards employee training and developing to build competency in the work place. Further, most respondents strongly agreed that universities have been unable to enroll a high proportion of school-leavers because of constrained facilities as admissions are based on bed capacity (mean = 4.10). Majority (mean = 4.08) also strongly agreed that the rate of dropouts in universities is highly contributed by push out factors related to costs of schooling such as high tuition fees and poverty levels in universities.

#### **4.2 School Based Courses and Organizational Growth of Universities**

The study first sought to assess the effect of school based courses on organizational growth of universities in the coastal region of Kenya. A Likert scale of 1 to 5 was used, correspondingly; 1 = Not at all; 2 = Little extent; 3 = Moderate extent; 4 = Great extent; 5 = Very great extent. The results are summarized in Table 2.

**Table 2: Percentage Distribution of Respondents' Perception on School Based Courses**

<b>School Based Courses Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Dev.</b>
The university attracts a sizeable proportion of school based students from both within and outside Kenya	0%	16.9%	16.9%	23.7%	42.4%	3.92	1.054
Our university has implemented school based programmes where students study part time classes	0%	0%	32.2%	42.4%	25.4%	3.93	0.888
The objective of the school based programme is to build a healthy learning environment through a partnership with schools that are developing and promote success for the students	0%	0%	23.7%	50.8%	25.4%	4.02	0.824
The school based programmes have made education easily accessible to all through their flexible schedules	0%	0%	8.5%	49.2%	42.4%	4.34	0.996
School based programmes reduces university costs as students stay in university premises with reduced costs	0%	0%	15.3%	50.8%	33.9%	4.19	0.761

**Source:** Field study, 2019

From the findings in Table 2, the universities in the area attract a sizeable proportion of students to their school-based courses from both within and outside Kenya (mean = 3.92). Most of the universities have implemented school based programmes where students study part time classes or over the holidays (mean = 3.93). The objective of the school based programme was to build a healthy learning environment through a partnership with schools that are developing and promote success for the students (mean = 4.02). These school-based programmes have made education easily accessible to all through their flexible schedules (mean = 4.34). School based programmes also reduces university costs as students stay in university premises with reduced costs (mean = 4.19). These findings imply that the universities in the area were objectively pursuing the school based programmes and that these courses were being offered flexibly. As a result, they had been able to attract both local and foreign students.

**4.3 Organizational Growth of Universities in the Coastal region of Kenya**

The study sought to establish the status of organizational growth of universities in the Coastal Region of Kenya. The findings are given in Table 3.

**3: Perception on Organizational Growth of Universities in the Coastal Region of Kenya**

Statement	1 %	2 %	3 %	4 %	5 %	Mean	Std. Dev.
Profitability and financial muscle has increased as a result of academic program development and advertising in universities	0%	20%	37%	34%	9%	3.31	0.554
Universities have witnessed increased growth in facilities emanating from increased student enrolment and increased academic programmes	0%	14%	39%	42%	5%	3.36	0.678
There is noticeable growth in the number of university students as a result of competitive strategies employed by Kenyan universities.	0%	25%	39%	25%	10%	3.2	0.912
The adoption of the various coping strategies in universities has resulted to student satisfaction hence more enrolment	0%	19%	51%	22%	9%	3.2	0.776
There is intense competition of universities fuelled by academic program development	0%	34%	46%	14%	7%	2.93	1.069

**Source:** Field study, 2019

The findings in Table 3 indicate that profitability and financial muscle has increased because of academic programme development and advertising in universities (Mean = 3.31). Universities have witnessed increased growth in facilities emanating from increased student enrolment and increased academic programmes (Mean = 3.36). There

was noticeable growth in the enrolment of students because of competitive strategies employed by universities in the area (Mean = 3.2). The findings also suggest that the adoption of the various coping strategies in universities had resulted to student satisfaction hence more enrolment (Mean = 3.2). However, there was moderate competition of universities in the area fueled by academic programme development (Mean = 2.93).

#### **4.4 Correlation Analysis**

Spearman's Rank correlation was carried out to determine if there was a significant relationship between the independent variables and constructs of the dependent variable.

##### **4.4.1 Perception on the Effect of Subsidized Fees/Waivers on organizational Growth**

The first correlation was done to determine whether subsidized fees/waivers significantly influenced organizational growth of universities in the coastal region of Kenya. The results are summarized in Table 4.

**Table 4: Subsidized Fees/Waivers on Organizational Growth**

<b>Variable</b>	<b>Correlation</b>	<b>Sign</b>
Independent Variable		
Subsidized fees		
Dependent Variable		
Growth in Facilities	0.061	(0.316)
Growth in Student enrollment	0.383	(0.021)
Increased Fees Revenue	0.053	(0.032)
N=59		

The findings in Table 4 show evidence of a relationship between subsidized fees and two of the constructs of university growth, that is, growth in student enrollment ( $r = 0.383$ ,  $p = 0.021 < 0.05$ ) and increased fees revenue ( $r = 0.053$ ,  $p = 0.032 < 0.05$ ). Consequently, the study rejected the null hypothesis:

*H01: Subsidized fees have no significant influence on organizational growth of universities in the coastal region of Kenya.*

The study, thus adopted the view that the subsidizing fees was a growth factor on organizational growth of universities in the coastal region of Kenya. The positive correlation in the case of growth in student enrollment implies that the subsidization of fees attracts more students hence growth in fees and facilities. The correlation in the

construct “Increased fees revenue” suggests that subsidization of fees increases the amounts received by universities owing to the increase in number of students. However, the increase was marginal and in the long run it could be unsustainable owing to strained facilities and, therefore, other cost leadership factors like infrastructure needed to be correspondingly improved.

#### **4.4.2 Perception on the Effect of School Based Courses on Organizational Growth**

The first correlation was done to determine whether School Based Courses significantly influenced organizational growth of universities in the coastal region of Kenya. The results are summarized in Table 5.

**Table 5: School Based Courses on Organizational Growth**

Variable	Correlation	Sign
Independent Variable		
School based courses		
Dependent Variables		
Growth in Facilities	0.003	(0.062)
Growth in Student enrollment	0.232	(0.002)
Increased Fees Revenue	0.176	(0.003)*
N=59		

\* Significant at <5%

From the results in Table 5, there is sufficient evidence to deduce that school based courses significantly influence growth in student enrollment of students in universities in the coastal region of Kenya ( $r = 0.232$ ,  $p = 0.002 < 0.05$ ). Further, the findings also suggest that school based courses significantly increase the fees payment in universities in the coastal region of Kenya ( $r = 0.176$ ,  $p = 0.003 < 0.05$ ). Therefore, the study rejected the null hypothesis:

*H02: School based courses do not have significant influence on organizational growth of universities in the coastal region of Kenya.*

As a result, the alternate view that school based courses significantly influenced organizational growth of universities in the coastal region of Kenya was adopted. This implies that the increase of the number of students joining universities and the subsequent increase in the total fees received by the said universities could be attributed to the school based courses offered by them.

## **5.0 Discussion**

Porter's competitive generic strategies provided an ideal theoretical framework for analyzing the performance of the two independent variables in relation to university growth. The two independent variables, school-based learning programmes and fees subsidization for students fall within the differentiation and cost leadership domains of the Porter's competitive generic strategies. According to Porter (1985), a firm must aim to be a low cost producer if it has to obtain cost advantages in production and ultimately cost leadership.

The results indicated that the universities in the Coast region of Kenya were adopting alternative methods to raise their financial base among them being the IGU policy and funded researches. In most of the universities, students pay tuition fees based on the courses they are undertaking with science students paying more than those studying arts. This was bound to impinge on the cost advantages they were seeking to leverage on. However, to offset this effect on the overall performance of the universities organizational growth, most had turned to commercial activities to raise funds for expansion and enable them increase enrolments. Nevertheless, this did not register any significant effect on the growth of facilities which could enable them to successfully pursue the cost leadership strategy as low cost producers as recommended by Porter (1985). The subsidization of the fees had significantly increased growth in student enrollment in the universities without a corresponding growth in facilities. As a result, most universities had still been unable to enroll a high proportion of school-leavers because of constrained facilities. The subsidization of fees with decrease in fees paid together with insignificant growth in facilities suggests that the cost leadership strategy could not hold in the long run in the universities in the area due to low cost advantages. In other words, as indicated by Shi *et al.*, (2008), the inability to achieve low operating costs would not allow the management to reduce prices invariably while maintaining profitability as it would eventually weaken their position in the market. Therefore, the fees subsidization strategy without a corresponding increase in campus facilities would eventually lead to unsustainable growth of the universities.

The differentiation effect through offering of the school based courses was found to significantly influence university growth. Particularly, most of the universities have implemented school based programmes where students study part time classes or over the holidays. The flexibility in the design of the school based programme was consistent with Porter's view of creating a unique product through differentiation (Acquaah & Yasai-Ardekani, 2006) and this was distinguishing them in the market (Pearce & Robinson, 2008). As a result, most of the universities in the area were able to attract a sizeable proportion of students to their school-based courses from both within and outside Kenya. Therefore, as derivatives of generic competitive strategies, subsidization of fees and offering school based courses were providing competitive advantage to the universities in

the coastal region of Kenya and were also impacting significantly on their organizational performance. However, subsidization of fees was a weaker variable and, hence, unlikely to be sustained in the long run if other cost advantage measures were not introduced to support it.

## **6.0 Conclusion and Recommendations**

### **6.1 Conclusion**

Subsidization of fees has a positive influence on university growth. However, the subsidization of fees with decrease in fees paid together with insignificant growth in facilities whereas there was a significant increase in growth in student enrollment in universities implementing the strategy suggests that the cost leadership strategy could not hold in the long run in the universities in the area due to low cost advantages. Further, the differentiation effect through offering of the school based courses was found to significantly influence university growth. The flexibility in the design of the school based programme was consistent with Porter's view of creating a unique product through differentiation and this was distinguishing them in the market. However, with the increasing competition in the higher education market, the universities in the area must constantly guard against the five competitive forces spelt out by Porter (1979). One such approach that may make the application of the two strategies sustainable in the long run will be the application of the Bowman Strategy Clock.

### **6.2 Recommendations**

- The study recommends that the universities in the area should implement the two strategies following the Bowman Strategy Clock that enable them to know when to optimize a given strategy or a combination of the strategies to achieve the desired effect.
- The universities should also constantly differentiate their courses, for example, through application of information and communications technology (ICT) to improve their content delivery, hence, the quality of their products among distance learners.
- The universities need to develop more teaching and learning facilities and also use technology extensively where applicable in order to enable them have cost advantages and become low cost producers. This will enable them to subsidize the fees meaningfully while increasing revenue at the same time.

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