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Strategic Responses to Competitive Advantage by Public Universities in Kenya: A Case of the University of Nairobi

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Abstract- Institutions of higher learning, from the start of their history, have experienced internal and external pressures to meet the needs of stakeholders, needs that go well beyond the pursuit of academic study for the purpose of adding to a knowledge base. The study sought to determine the influence of market penetration strategy on competitive advantage at the University of Nairobi. The justification was driven by the higher education sector in Kenya which has been undergoing rapidly changing environmental conditions in terms of the regulatory framework and competition. The study used descriptive research design. The target population was 400 administrators while the sample size was 40 administrators. The study used primary data; original information was collected from a first-hand experience. The data from the study was analyzed qualitatively and quantitatively using percentages, means and frequency distribution with the aid of Statistical Package for Social Sciences (SPSS). Since data was descriptive, variants such as means, frequencies and percentages will used to describe the findings of the study. Bivariate – ANOVA statistical data analytical technique was adopted to analyze the strategies used by universities in Nairobi County to cope with competition. The data from the study was presented using inferential and descriptive statistical methods. These were percentages, charts and tables, regression and correlation. Descriptive statistical method enables understanding of data through summary values and graphical presentations. The results from the study revealed that market penetration strategy and competitive advantage were positively and significant related. Based on the research findings the study recommended that public universities should adopt market penetration strategy so as to increase the competitive advantage.

Index Terms- Market penetration, competitive advantage, Education Sector

I. Introduction

Background and research gap

The Kenyan higher education system developed from Makerere Technical College which from its inception in 1922 served the education needs of the three countries in the East African region namely: Uganda, Tanganyika and Kenya. The Asquith model involved the mentoring of institutions in the colonies; consequently new institutions were linked to established universities as university colleges. This colonial model was created to guide university expansion through apprenticeship. It was arguably successful in that the University College of Nairobi (later renamed University of Nairobi through an Act of Parliament in 1970) was responsible for the conception of the Kenyatta University College, which became autonomous in 1985.

Green (2007) makes an important opening statement regarding the historical characteristics of institutions of higher education. Green first observes how higher education has historically been slow to change, or has been resistant to change, and goes on to state that recently, the rate of change in higher education globally, has rapidly increased.

Ferrell (2009) argues that competition implies some measures of success against which to assess relative performance Vis-a –Vis rivals. One such measure is market share, which is used as surrogate for profit. Market competition can be viewed as the process of trying to protect or advance market share. It's useful to be clear on what the market is and whether the market is global, regional or just the domestic market. In the case of the study topic, this is essential for the Universities in Nairobi County to understand their operating environment as well as the geographical scope and the courses offered.

Statement of the Problem

Organizations respond to the changing environmental conditions that surround them by adjusting their purpose, shape and strategies to meet sustained delivery of services to its customers and competitiveness. The higher education sector in Kenya has been undergoing rapidly changing environmental conditions in terms of the regulatory framework and competition Today's business environment is very dynamic and volatile. With penetration of information and technology, the market has become a global village and the higher institutions of learning are no exception. The students and education stakeholders are knowledgeable and informed because of the individual and professional dynamism of preferences. The University education in Kenya has grown with growth of the Universities. Key players in the education sector are keen on positioning themselves to grow their market share in both public and private universities. The education market leaders in the university education have continuously employed strategic responses to these challenges but the leading universities continue to control a big chunk of the market share through strategic responses due to increased competition. Historically, strategic responses have been used by organizations to improve performance. However, the effect of strategic responses on performance in Kenyan education sector has received little research attention. This study therefore seeks to establish the effect of strategic responses to the changing competitive environment on performance of university education in Kenya. Universities have gone a long way in devising strategies of attracting masses of students beyond their capacity at the expense of other universities. Due to this, universities have reacted to their competitors in various ways in order to defend their territories and remain relevant in the market.

If strategy research is to continue to offer credible guidelines on the strategic behavior of firms it seems imperative to have a more fundamental under-standing of the factors influencing a firm's choice of diversification strategy and how this evolves in response to changing business conditions (Weirsema & Bowen, 2008). This study therefore purposed in finding out the strategic responses adopted by University of Nairobi to cope with increased competitive advantages by public universities in Kenya.

Objective of the Study

The objective of the study was to determine the influence of market penetration strategy on competitive advantage at the University of Nairobi.

II. LITERATURE REVIEW

Theoretical framework

Ansoff Matrix Strategy Model (Source: Ansoff (1987)

The Ansoff strategy matrix is a widely used tool by organizations to respond competitive challenges. The Ansoff matrix provides the basis for an organization's objective setting process and sets the foundation of directional policy for its future (Ansoff, 1987). The Ansoff matrix is used as a model for setting objectives along with other models like Porter matrix, Boston Consulting Group (BCG), Directional Policy Matrix (DPM) and Gap analysis. The Ansoff matrix is also used in marketing audits (Lynch, 2003). The Ansoff matrix strategy entails four possible product/market combinations: Market penetration, product development, market development and diversification (Ansoff, 1987). According to Kippenberger (1998), the Ansoff Matrix presents the product and market choices available to an organization. Herein markets may be defined as customers, and products as items sold to customers (Lynch, 2003).

Empirical Review

Njihia (2013) conducted a study on challenges of Market Penetration of General Insurance Firms in Kenya. The main objective of the study was to establish the challenges of market penetration of general insurance companies in Kenya. The study was informed by the recent activities in the insurance market that has seen firms being forced to seek regional expansion without even saturating the Kenya market. The findings on the contribution of the three strategies to enhance market penetration in the Kenyan market revealed that most of the respondents were of the opinion that Low cost leadership, differentiation, as well as market focus strategies can enhance market penetration of general insurance companies. The study recommended that indeed the insurance industry is indeed a growing industry as far as acceptance is concerned. It was therefore important for organizations to consider adopting the three strategies in order to be able to enhance market penetration.

Moghaddam and Foroughi, (2012) conducted a study on the influence of marketing strategy elements on market share of firms. The study found out that the business performance and economic profit of the firm can be summarized in market share. Market share responds to elements of marketing strategy and one of the important items that affect market share is elements of the marketing mix. The result of the study concluded that product strategy, promotion strategy, pricing strategy and place strategy were important elements to increase the market share.

H_1: There is a significant relationship between market penetration strategy on competitive advantage.

III. RESEARCH METHODOLOGY

Considering the purpose of the study the research design employed was a descriptive research design. The unit of analysis for the study was the University of Nairobi in Nairobi County, and the unit of observation was university administrators. A population of University of Nairobi administrators was studied; composed of five individuals from each department the Directors, Academic registrars, Human Resource managers, Marketing directors, Lecturers and Dean of Students. This was because the said officers deal directly with the university program. The target population was therefore was 400 University of Nairobi administrators. According to Mugenda and Mugenda (2003) and Kothari (2004), 10% of a large population was adequate for the study. The sample size therefore consisted of 40 University of Nairobi administrators which will include Directors, Academic registrars, Marketing directors, Lecturers and Dean of Students.

Stratified random sampling was used in the study. The sample was taken from the five groups at the University of Nairobi, which included Senior Managers, Middle level Managers and employees. Stratified random sampling method was preferred in the study because it led to selection of a representative sample. The data from the study was analyzed qualitatively and quantitatively using percentages, means and frequency distribution with the aid of Statistical Package for Social Sciences (SPSS). Since data was descriptive, variants such as means, frequencies and percentages was used to describe the findings of the study. Bivariate – ANOVA statistical data analytical technique was adopted to analyze the strategies used by universities in Nairobi County to cope with competition.
The data from the study was presented using inferential and descriptive statistical methods. These are percentages, charts and tables, regression and correlation. Descriptive statistical method enables understanding of data through summary values and graphical presentations (Mugenda & Mugenda, 2008).

IV. FINDINGS AND DISCUSSIONS

The study sought to determine the influence of market penetration strategy on competitive advantage at the University of Nairobi.

H_1: There is a significant relationship between market penetration strategy on competitive advantage.

Results revealed that marketing help to increase enrolment while fee reduction influence student enrolment. In addition improved programs are attractive to prospective students. However improved service delivery attracts prospective students.

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Data was obtained using a Likert type scale of 1-5 where 1= Strongly Disagree 2=Disagree 3=Neutral 4= Agree 5= Strongly Agree

Correlation results for market penetration strategy on competitive advantage at the University of Nairobi

Pearson's Product Moment Correlation statistic was used to test the influence of market penetration strategy on competitive advantage at the University of Nairobi. The results revealed that market penetration strategy and increased competitive advantage were positively and significant related (r=0.473, p=0.004).

Table 1: Correlation Matrix

		COMPETITIVE ADVANTAGE	MARKET PENETRATION
COMPETITIVE ADVANTAGE	Pearson Correlation	1.000	
	Sig. (2-tailed)		
MARKET PENETRATION	Pearson Correlation	.473**	1.000
	Sig. (2-tailed)	**0.004**	

Regression results for the market penetration strategy on competitive advantage at the University of Nairobi

Regression analysis indicated that the R value was 0.752 which implied that there was a significant and positive influence of market penetration strategy on competitive advantage at the University of Nairobi. This was supported by coefficient of determination also known as the R square of 56.6%. The results further meant that the model applied to link the relationship of the variables was satisfactory.

Table 2: Model Fitness

Indicator	Coefficient
R	0.752
R Square	0.566
Adjusted R Square	0.508
Std. Error of the Estimate	0.26695

Table 3 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results implied that the independent variables were good predictors of performance. This was supported by an F statistic of 9.786 and the reported p value (0.000) shows that the variables were highly significant.

Table 3: Analysis of Variance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2.79	4	0.697	9.786	**0.000**
Residual	2.138	30	0.071		
Total	4.927	34			

Regression of coefficients results in table 4 shows that market penetration strategy and increased competitive advantage are positively and significant related (r=0.356, p= 0.006). Market penetration had a β value of 0.356 at p=0.006 hence statistically significant in assessing competitive advantage at the University of Nairobi.

Table 4: Regression of Coefficients

	B	Std. Error	T	Sig.
(Constant)	0.216	0.64	0.337	0.738

Market Penetration	0.356	0.119	2.989	**0.006**

V. CONCLUSIONS

The findings revealed that market penetration has a positive and significant effect on the competitive advantage. This was supported by the statements in the questionnaire which majority of the respondents agreed.

These findings were consistent with that of Wambua *et al* (2014) who found strong correlation (0.7) between the competitive strategies employed by IPCs and market penetration. The findings also agree with that of Moghaddam and Foroughi (2012) who conducted a study on the influence of marketing strategy elements on market share of firms and found that marketing strategy was an important element to increase the market share.

The study also concluded that market penetration strategy begins with the existing customers of the organization. In addition market penetration strategy is important for businesses because retaining existing customers is cheaper than attracting new ones.

Recommendation

The study recommended that public universities should focus on strategies that benefit their organization through increased profitability at the least cost possible. Through marketing penetration strategy they should expand into new markets and identify products that can help them compete within the established markets. This was done by identifying the segments in the market that suits their products and services.

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