Effect of Porter’s Generic Strategies on Expansion of Academic Programmes for Competitive Advantage in Kenya

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Abstract
The 21st century has brought challenges and opportunities for higher education in Kenya. The institutions need to understand their resources, capabilities and core competencies which have a direct link to the institutions’ ability to achieve their strategic competitiveness and earn above average returns. The aim of this study was to establish the effect of Porter’s generic strategies on expansion of academic programmes for competitive advantage in Kenya. The specific objectives were: to determine the effect of differentiation strategy on expansion of academic programmes; to find out how focus strategy has an influence on expansion of academic. The sample site of the research study was Jomo Kenyatta University of Agriculture and Technology. The respondents were senior university management- policy makers and the lecturers- developers of academic programmes. Descriptive research design was used and a case study approach adopted. The target population of the study was a total population of 630 comprising of 600 lecturers and 30 senior university management staff. Stratified random sampling technique was used to pick a sample size of 103 respondents to carry out the study using questionnaires and qualitative approaches. Among the key findings of this study was that both focus and differentiation strategies had positive correlation with expansion of academic programmes. Moreover, combining the two strategies had an effect on increasing the competitive advantage of the university. The study recommends that universities should do adequate market research before embarking on development of academic programmes. Moreover, universities should differentiate themselves in terms of academic programmes so as to create their own niche in the market and gain a competitive advantage.

Key Words
Porter’s generic Strategies, Differentiation Strategy, Focus strategy, academic programmes

I. Introduction and Background of the study
An over expressed demand for higher education and the limited financial resources in institutions of higher learning may have necessitated the dawn of expansion of new or reviewed academic programmes; an expansion strategy that enables such institutions to have sustainable growth, increase capacity to deliver and increase market share. During the 1994/1995 financial year, the government reduced the education budget from 37 percent of its annual recurrent budget to about 30 percent with the argument that higher allocations were not sustainable. Under these circumstances, public universities were called upon to explore ways and means of financing university programmes with finances generated from sources other than the exchequer (Kiamba, 2002). Given these challenges, the universities sought to exploit the opportunities to develop new academic programmes as an expansion strategy. These are opportunities owing to the fact that there is a very high demand for higher education. Now with the mounting pressure of conducting double intakes, universities have had to partner with the private sector to assist in accommodation due to their limited resources; their need to expand to financially cushion the deficit in service provision. On the other hand, the current Minister for Higher Education - Honorable Professor Margaret Kamar - announced an increase in the number of constituent colleges that have been upgraded into chartered public universities. The total number of public universities have grown from seven (1970- 2009) to forty- three presently. This is a reaction to increase the capacity for public universities to deliver the services; an acknowledgement by the government that they agree that indeed there is a very high demand for higher education.

On the other hand, the private universities have not lagged behind in provision of higher education. In the recent past, there has been an increase in the number of private universities that are both local and international providing their services in the country. They too have recognized the opportunities present in the market and have put in place strategies which enable them gain competitive advantage. Most of them have grown in terms of campuses in various towns in the country and East African region such as Rwanda -Mount Kenya University, South Sudan –KCA University- and even in expansion of new academic programmes in view of increasing their market share.

Kenya Vision 2030 envisions Kenya becoming a medium income country by the year 2030. In order to achieve this goal, Kenya will need to develop a critical mass of relevantly trained manpower for a globally networked environment. It places great emphasis on the link between education and the labor market, the need to create entrepreneurial skills and competences, and the need to strengthen partnerships with the private sector. This has considerable importance for the structure and focus of the education system and curriculum. Consequently this has been given consideration to changes to the structure of Education, the introduction of technical talent and general academic curriculum pathways, and the centrality of ICT to teaching and learning and its application on day-to-day life. Vision 2030 also recognizes the need for a literate citizenry and sets targets for enhancing adult literacy to 80% by 2012 (Ministry of Education, 2012).

The Kenyan Government did pledge on its social strategy in its vision for 2030: Under education and training; Kenya will provide globally competitive quality education, training and research to her citizens for development and enhanced individual well-being. The overall goal for 2012 is to reduce illiteracy by increasing access to education, improving the transition rate from primary to secondary schools, and raising the quality and relevance of education. Public and private universities will be encouraged to expand enrolment, with an emphasis on science and technology courses (Government of Kenya, 2012).
A. Growth expansion strategies in universities in Kenya

The challenge to start and implement new academic programmes in public universities was emphasized by the Minister of Education in his speech in the same year thus: ‘This is a turning point in the development of our public universities, where they are being called upon to adopt businesslike financial management styles. It’s also a point in time when universities have to plan well ahead about resources expected to be forthcoming from sources other than exchequer, time has come to seriously take account of the universities’ potential to generate income internally. It is an open secret that some of our universities are capable of generating substantial amounts of money from the resources at their disposal. Income from such sources should be exploited and treated as definite sources of university revenue’ (Kiamba, 2002).

On the other hand recently, there has been an increase in the number of private universities that are both local and international providing their services in the country. They too have recognized the opportunities present in the market.

B. Background of Jomo Kenyatta University of Agriculture and Technology

Jomo Kenyatta University of Agriculture and Technology was started in 1981 as a Middle Level College (Jomo Kenyatta College of Agriculture and Technology (JKCAT)) by the Government of Kenya with the generous assistance from the Japanese Government. Plans for the establishment of JKCAT started in 1977. In early 1978, the founding father of the nation, Mzee Jomo Kenyatta donated two hundred hectares of farmland for the establishment of the college. The first groups of students were admitted on 4th May 1981. H.E. Daniel Arap Moi formally opened JKCAT on 17th March 1982. The first graduation ceremony was held in April 1984 with Diploma Certificates presented to graduates in Agricultural Engineering, Food Technology and Horticulture.

On 1st September 1988, H.E. Daniel Arap Moi, declared JKCAT a constituent College of Kenyatta University through a legal Notice, under the Kenyatta University Act (CAP 210C). The name of JKCAT officially changed to Jomo Kenyatta University College of Agriculture and Technology (JUKUCAT). It was finally established as a University through the JKUAT Act, 1994 and inaugurated on 7th December 1994. Currently at the undergraduate level, the university offers a total of fifty-four (54) programmes. At post graduate level, the university offers a total of seventy one (71) programmes. It has a total of nine (9) campuses across the country of which one is in Arusha, Tanzania. The university has accredited a total of twenty three (23) colleges that offer its programmes spread around the country.

C. Statement of the problem

Since independence, public universities have been heavily relying on government funding and were the only players in offering tertiary education in Kenya. According to Inter Press Service of April 11th 2010 release, it states that 30,000 Kenyans every year head overseas to study in Europe, The United States and Asia because of limited access to higher education at home. Groves, Pendlebury and Stiles (1997) reviewed strategic management concepts and their relevance and appropriateness for universities. Their findings were that public universities heavily relied on government funding. However, this funding has reduced drastically in the recent past especially in Kenya, prompting public universities to institute strategies to cushion the deficit and adopt businesslike financial management styles to internally generate income to not only sustain but also earn them profits. Moreover, due to increased number of both public and private universities in Kenya, these institutions are now competing for students. This necessitates strategizing to not only attract them but also to have competitive advantage.

Githirwa (2010) focused on the effects of generic strategies on performance of private schools and the study revealed a relevance of generic strategies in enhancing performance in private schools. It is important to note that both public and private universities use strategies for their growth. There lacks evidence that the strategies employed have an impact on their competitive advantage. Moreover, little if any is known on whether they influence expansion of their academic programmes.

D. Objectives of the Study

The main objective of the study was to establish the effect of Porter’s generic strategies on expansion of academic programmes for competitive advantage in Kenya. Its specific objectives are as follows:

1. To determine the effect of differentiation strategy on expansion of academic programmes
2. To find out how focus strategy has an influence on expansion of academic programmes

E. Significance of the study

The study was considered important since the findings were intended for university management team to institute policy mechanisms that foster “perceived” increase in customer satisfaction which would result to maximizing their profits. Hence, become keen in choosing the best strategy combination that yields competitive advantage. Scholars in the research fraternity would also use the outcomes for literature review. As a result, they would be used to benchmark against their own findings, strategies and assumptions.

F. Scope of the Study

The study concentrated on collecting data from the stakeholders who are directly or indirectly involved in policy making that ensures that the university has competitive advantage and increase in market share. These include Deans and Directors of various academic institutions and the Deputy Vice Chancellor -Academic who is the custodian of all academic programmes. Moreover, the study also included the lecturers who develop the academic programmes.

G. Conceptual Framework

In the conceptual framework, two of the Porter’s generic strategies were under investigation as to whether they have an effect on expansion of academic programmes. The study considered the effect of differentiation and focus strategies for competitive advantage.

![Conceptual Framework](image-url)

Independent variables

Dependent variable

Fig. 1: Conceptual Framework
II. A review of the theoretical literature

A. Differentiation Strategy

In choosing a strategy, management is in effect saying, “among all the many different ways of competing we could have chosen, we have decided to employ this combination of competitive and operating approaches to move the company in the intended direction, strengthen its market position and competitiveness, and boost performance.” The strategic choice a company makes are seldom easy decisions and some of them may turn out to be wrong- but that is not an excuse for not deciding on a concrete course of action (Thompson, 2010).

Whichever expansion strategy options a firm may decide, a few critical things to bear in mind would be the suitability of its brand in other areas/sectors; time, human and labor resources as well as market and consumer expectations. At the end of the day, the reward or benefit of embarking into a particular strategy should outweigh its costs. Corporations choose a market strategy which provides a strategic roadmap that helps them organize their thought process, analyze the costs and benefits of each possible approach to the market and provide signals for the market exit in the event that they can’t survive in the market (Scholes, 2002).

According to Porter (1985), there are two main types of competitive advantages: comparative and differential advantages. Comparative advantage is also known as cost advantage. This is a university’s ability to offer a programme at a lower cost than her competitors. Consequently, it gives her the opportunity to generate profit margins. A differential advantage is achieved when university academic programmes differ from its competitors and are seen as being better than her competitors. Competitive scope distinguishes between firms targeting broad industry segments and firms focusing on a narrow segment.

Generic strategies are useful because they characterize strategic positions at the simplest and broadest level. Porter maintains that achieving competitive advantage requires a firm to make a choice about the type and scope of its competitive advantage. There are different risks inherent in each generic strategy, but being “all things to all people” is a sure recipe for mediocrity - getting “stuck in the middle” (Porter, 1985).

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers. Carr and Johansson (1995) have found that, in today’s business environment, an essential element to an organization’s success is adaptability. Therefore, a university must be able to manage at the speed of change, and that takes creativity and innovation.

In this strategy, it requires universities to develop and implement academic programmes that are perceived as unique throughout the industry. Whether the features are real or just perceived by customers, the programmes must show that they have desirable features not commonly found in competing products. Consequently, this leads to customer loyalty and result in reduced price elasticity, hence increased profit margins. Universities must be able to charge more for their differentiated academic programmes than they cost in development and implementation. If not, it would make economic sense to make generic, undifferentiated academic programmes.

However, this strategy is vulnerable to different competitive threats than firms pursuing a cost leadership strategy. Customers may sacrifice features, services or image for cost savings. Customers who are price sensitive may be willing to forgo desirable features in favor of a less costly alternative. Schuler and Jackson (1987) have emerged from Porter discussion of competitive advantage argued that there are three advantage strategies that organizations can use to gain competitive advantage: Innovation, Quality enhancement and Cost reduction:

- Innovation strategy: A vital component of any innovation strategy is getting employees to broaden their skills. Quality enhancement strategy is used in enhancing the programmes and/ or services. Cost reduction strategy: firms typically attempt to gain competitive advantage by being the lowest cost producer.

A need emerged of more specific research studies to investigate the extent of porter’s generic strategies on expansion of academic programmes. Therefore, this paper aimed to find the effect of Differentiation strategy; one of porter’s generic strategies on expansion of academic programmes.

B. Focus Strategy

This strategy involves concentrating on a particular customer, programme/ course, geographical area, mode of offer, level in education, or market niche (Porter, 1985).

The core basis of this strategy is that a university is better able to serve a limited segment more efficiently than competitors can serve a broader range of customers. Universities that use this strategy may thus be able to differentiate themselves based on meeting customer needs by developing and expanding academic programmes that are tailored to meet a given segment of the market. Wal-Mart started in small towns in the South and Midwest. As the firm gained in market knowledge and acceptance, it did expand nationally then eventually internationally.

C. Okibo Model of Competitive Trend

By looking as Professor Michael Porter’s three generic strategies, I Dr. Okibo Walter Bichanga a Senior Lecturer at Jomo Kenyatta University of Agriculture and Technology – Kenya, who is as well the Co-Founder and Chairman of the Strategic Management Society of Kenya, have observed that companies keep on changing their competing styles. According to my observation companies the momentum of competition is very high at the initial time when new companies join a market. For the companies already exciting in that market will have high pressure and the pressure continues reducing as time goes by despite the fact that the same pressure will be there. Due to this mounting pressure and its velocity companies keep on shifting their mode of competition as time after time to fit to gain a competitive edge.

At the beginning the companies start by reducing their prices, then shift to differentiating their products from competitors’ products and services, then to identifying/focusing a given market niche (which could be in terms of price focus, product or service differentiation focus, product specialization or market specialization), the to becoming the best cost provider (i.e. coming up with a product with allot of features but at a low price) and finally brand loyalty. The figure bellow shows the Okibo W. B. Model of Competitive Trend.
III. Research Design and Methodology

In this paper, the researcher was guided by qualitative research design, in order to investigate the effect of differentiation strategy on expansion of academic programmes. The study used a case study design. For the purpose of the study, the case study unit of analysis was the university senior management who are the policy makers and the academic division who comprise of lecturers developing the programmes. The researcher use multistage sampling method of grouping them into two main strata: senior university management and academic division. The research further used purposive sampling method to draw a sample from the major academic institutions. This method was found to be appropriate since the researcher chose the sample based on the core programmes the university thrives on; they assumed to be representative of the other smaller academic institutions. However, the respondents from the core academic institutions were randomly chosen.

A. Instruments

The study used semi-structured open ended questionnaires were used. Various indicators were used to investigate the differentiation strategy and were coded using a likert scale that ranged from excellent, very good, good, fair, and poor.

IV. Findings

The academic division’s feedback acknowledged university’s efforts in application of differentiation strategy in its expansion of academic programmes. Consequently, the effect of differentiation strategy on expansion of academic programmes is tangible. The table below shows the correlation between one of the variables measuring differentiation strategy and the expansion of academic programmes.

<table>
<thead>
<tr>
<th>Efforts in expansion of academic programmes</th>
<th>Specialty academic Programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig (2 tailed)</td>
<td>.559**</td>
</tr>
<tr>
<td>N</td>
<td>.000</td>
</tr>
<tr>
<td>93</td>
<td>93</td>
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</tbody>
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** Correlation is significant at the 0.05 level (2-tailed)

The table above shows that there is a positive correlation between the specialty programmes and expansion of academic programmes. There is not only a positive correlation, but also specialty of programmes has an influence on the efforts of expansion of academic programmes.

Those from the senior university management were not so different from those of academic division as shown in the table below.

<table>
<thead>
<tr>
<th>Brand name identification</th>
<th>Expansion of academic Programmes</th>
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<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig (2 tailed)</td>
<td>.913**</td>
</tr>
<tr>
<td>N</td>
<td>.03</td>
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<td>5</td>
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** Correlation is significant at the 0.05 level (2-tailed)

There was a significant positive correlation between brand name identification which was an indicator measuring differentiation strategy. This therefore meant that differentiation strategy had an effect on expansion of academic programmes. The relationship was positive from both strata reveal that obtaining high scores in differentiation strategy would translate to increase in expansion of academic programmes which in effect increases the university’s competitive advantage.
A. Discussion and Conclusions
The findings show that Porters generic strategies have an influence on expansion of academic programmes. The findings concur with those of Groves et al (1997) who suggested that focus group members can use Porter’s generic strategy directions for the university. The findings from this research reveal that implementation of differentiation strategy by the university has given direction in terms of competitive advantage.

The university excelled in developing its brand name, providing specialty programmes and maintaining high quality standards in relation to its programmes. However, it did not put enough efforts in carrying out market research before developing programmes. There was no laid out university strategy in carrying out market research; an important aspect in strategy formulation and inherently increase competitive advantage.

References
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