Strategic Factors That Influence the Performance of Public Universities in Kenya. A Case Study of Moi University

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Abstract : *Public universities, as government institutions operate within such an environment and are therefore environment dependent which plays a critical role in the education arena. As a result of the liberation, turbulence in the economy, and new government policies, public universities have been undergoing changes to survive and compete effectively. Therefore many public universities have deteriorated due to poor leadership policies and management failures. The aim of this study was to determine the strategic factors that influence the performance of public universities in Kenya. Four specific objectives formed the basis of study and these were: to examine the effect of cost leadership strategy, market positioning, focus strategy innovation strategy on institutional performance of public universities in Kenya. The theories included competitive advantage theory, resource based view theory and strategic fit theory. The study employed descriptive and inferential research design methods. The target population was 157 employees from respective departments in the university. The sample size was 113 which was arrived at by using slovin's formula from the target population. Quantitative design was adopted by the study. Data collection was done using questionnaires method. Data analysis and interpretation was based on descriptive statistics as well as inferential statistics mainly regression analysis and Pearson correlation which was employed during analysis of data. The relationship between the independent variables (cost leadership, leadership, focus, and differentiation) and performance was tested using regression analysis and then presented in tables. The results reveal that, cost leadership, leadership, focus and differentiation have positive significant correlation on performance. The study also concludes that universities has emphasized on strengthening and establishing focus and cost reduction systems that would enhance performance. The study recommends that managerial level should come up with policies and structures that enhance performance. The study also recommends policy makers to improve on better leadership and amicable approach that will embrace performance to the university.*

Key Words: *Cost Leadership, Focus, Innovation and Performance*

1.1 Research Objectives
The objectives of this study were both general and specific as follows:

1.3.1 General Objective
The general objective of the study was to determine strategic factors that influence the performance of public universities in Kenya.

1.3.2 Specific Objectives
The study sought to achieve the following specific objectives.

  i. To evaluate the influence of cost leadership on performance of public universities in Kenya.
  ii. To assess the influence of leadership on performance of public universities in Kenya.
  iii. To examine the influence of focus on performance of public universities in Kenya.
  iv. To determine the influence of differentiation on performance of public universities in Kenya.

1.4 Research Questions
  i. What is the influence of cost on performance of performance of public universities in Kenya?
  ii. How does leadership influence performance of public universities in Kenya?
  iii. What is the influence of focus strategy on performance of public universities in Kenya?

iv. How does differentiation strategy influence performance of public universities in Kenya?

1.5 Research Hypotheses
The study tested the following null hypotheses:

i. **H01**There is no significant influence of cost leadership on the performance of public universities in Kenya.
ii. **H02**There is no significant influence of leadership on the performance of public universities in Kenya.
iii. **H03**There is no significant influence of focus on the performance of public universities in Kenya.
iv. **H04**There is no significant influence of differentiation on the performance of public universities in Kenya.

LITERATURE REVIEW
2.1 Introduction
This chapter attempted to integrate organizational strategies and performance of public universities so as to provide a theoretical and conceptual framework that can be an enabler of competitive advantage. It provided an overview of related literature and further looks at related past studies in this area and the gaps that are there in public universities in terms of organizational strategies and public universities performance.

2.2 Theoretical Framework
Various theories have been advanced to justify the relationship between organizational strategies and public universities performance. These theories explained the benefits of organizational strategies and various parties ranging from the public universities to the economy and highlight evidence that this kind of organizational strategies theories is greatly beneficial to various public universities. Fox and Bayat (2007) note that a theoretical framework is the application of a set of concepts drawn from one and the same theory to offer an explanation of an event or shed some light on a particular research problem.

2.2.1 Competitive Advantage Theory
According to Jones and Bartlett (2009), the theory of competitive advantage provides a description for reasons why public universities initiate organizational strategies and this is the effect of the universities achieving a sustainable competitive advantage. This theory considers the public universities as having a bundle of various mixed resources and capabilities that might not easily be transferred amongst universities and hence this imperfect mobility of resources is competitive advantage of the universities. The theory further assumes that universities do not have an equal

endowment of strategic resources and not perfectly mobile amongst universities (Branco & Rodrigues, 2006).Jones and Bartlett (2009) note that there are three categories of resources for a universities: physical capital resources like technology, plant and equipment, geographical location, human capital resources such as training, experience, judgment, intelligence, relationships and insight of managers and workers; and organizational capital resources like reporting structures, formal and informal planning, controlling and coordinating systems, and informal relations internally and externally in a university environment.

Jones and Bartlett (2009) further observe that a university can only be seen to have a competitive advantage when it has the capacity to utilize a value-creation strategy that cannot be utilized by any potential competitor. Therefore, a university will have a sustainable competitive advantage when its competitors are unable to deploy equivalent resources and gain their benefits to the university. Hence the universities use the degree of variation that exists amongst them to gain competitive advantage by making their resources and capabilities valuable, rare, inimitable and non-substitutable through performance of public universities. The competitive advantage theory collectively uses evaluation of internal factors within the university and evaluation of the external factors of the business environment in which the university operates. Jones and Bartlett (2009) argue that public universities gain competitive advantage when they have performance that exploit their resource strengths, respond to environmental opportunities and neutralize weaknesses. It is therefore noted that competitive advantage theory establishes a framework from which a university areas of competitive advantage can be determined and managed as a strategic resource. Branco and Rodrigues (2006) conclude that from competitive advantage theory, performance of public universities should generate a resource for the university that is a source of competitive advantage.

Porter (2008) further argues that competitive advantage facilitates a company to make products that provide more value to the customers than the competitors' rival products and this leads to higher profits for the company. Generally therefore, the major purpose of a strategy adoption was to enable a company gain a sustainable edge over its competitors. Thompson et. al., (2006) were of the view that a company's strategies consisted of competitive moves and business approaches that managers employed to attract and please customers, competed successfully, grew the business, conducted operations and achieved

targeted objectives. A company achieved sustainable competitive advantage when an attractive number of buyers preferred its products or services over the offerings of competitors and when the basis of this preference was durable. Porter and Kramer (2006) suggest that competitive advantage could broadly be achieved either through cost leadership, differentiation advantages or focus advantages.

2.2.2 Resource Based View Theory

From a resource based view of the firm, it is of high importance to take a close look at the internal organization of a company and its resources in order to understand how competitive advantage is determined within firms (Wernerfelt, 2014). In other words, the central premise of RBV addresses the fundamental question of why firms are different and how firms achieve and sustain competitive advantage by deploying their resources (Kostopoulos et al, 2008). The resource based perspective of firms is based on the concept of economic rent and the notion of an organization as a collection of capabilities (Kay, 2000). Whereas traditional strategy models focus on the organization's external competitive environment, the RBV accentuates the need for a fit between the external market context in which a firm operates and its internal capabilities. From this perspective the internal environment of an organization, in terms of its resources and capabilities, is the critical factor for the determination of strategic action (Hint et al, 2004).

The emphasis of the RBV approach to strategic management decision making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value-creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity, in other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets (Ekundayo and Ajayi, 2009). Clegg, et al, (2011), says capabilities are always vulnerable to be competed away by a competitor's higher order capability amongst other limitations such as erosion or substitution. Intangible assets are central to the RBV approach to understanding competitive advantage since they cannot easily be acquired or imitated, in contrast to tangible assets.

The resource-based theory also argues that organizational resources in themselves are not necessarily a source of competitive advantage

because rival firms may also possess similar resources. In this case therefore, competitive advantage lies in the resources possessing one or more of other attributes such as valuable substitutes. A firm has to therefore sustain a competitive advantage as long as other firms are unable to duplicate the same attributes (Dess *et. al.,*2007).Parnell (2013) accepts that environmental threats and opportunities are essential, but organizations exceptional resources consist of the main variables that allow it create distinctive competencies. This permits an organization to differentiate itself from competitors and develop competitive advantage. Resource-based theory lays emphasis mainly on individual organizations instead of the competitive environment. It is believed that organizations resources (tangible and intangible) are related to its capabilities, which in turn, create values and improvement in the level of profit achieved.

2.2.3 Strategic Fit Theory

This theory, also known as best fit strategic management or strategic decision theory, explains that there are no universal prescriptions of strategic management practices. Wright and Snell (2005) argue that the application of strategic management practices depends on the organization context, business strategy and culture. The proponents of this theory further observe that organizational strategies will be more effective only once they are rightfully integrated with specific organization and environmental understanding. Strategic fit theory elaborates the significance of making sure that organizational strategies are rightful to the circumstances of the university such as culture, external environment and operational processes. The organizational strategies must consider the specific requirements of both the organization and its stakeholders. The strategic fit theory is also called structural contingency theory which explains the idea that there is no one or single best way to manage organizations but organizations should always establish managerial strategy owing to the situation and condition the organization is experiencing (Donaldson & Luo, 2009). Little (2006) observes that the environment always posed certain requirements which forced the organization to come up with efficiency and innovation in its operations in order for it to survive and prosper.
According to Cutler (2006), this ultimately led the firm's management to adopt a strategy for the firm which somehow reflected the environment and at the same time was part of a managerial statement of the firm's objectives given the comparative advantage of the firm and that was performance of universities. Donaldson (2006) explains in that theory that when managers made decisions concerning performance of universities, they

always considered all aspects of the existing situation and took action on those aspects that was crucial to the circumstances at hand. It is further argued that the managers took whatever management decision, including performance of universities, depending on the situation at hand. Kotler and Lee (2005) conclude that changes in contingencies gave rise to a set of pressures to which structure is adapted in the long run through performance of universities. According to Burton et.al. (2006), organization strategies needed to get away from the mechanistic to organic structures for them to respond to performance of public universities because of market changes in the environment. Donaldson and Luo (2009) observe in that theory that organization moved from their disequilibrium through investing surplus resources from the fit based on higher productivity to improve performance of universities. Similarly, Klaas, Lauridsen, and Hakonsson (2006) argue that

a public university in a fit enjoyed higher performance and generated surplus resources which led to expansion and performance. Hence for university to

new opportunities, they must embrace the strategic fit concept through organizational strategy manage their resources more efficiently, respond to environmental change and take advantage of practices.

2.3 Conceptual Framework
According to Imenda (2014) a conceptual framework is an end result of bringing together a number of related concepts to explain a given event and also give a wider understanding of the research problem. In this study, small individual concepts of cost leadership strategy, market positioning strategy, focus strategy and innovation were joined together to tell a bigger map of their possible significant effect on performance of public universities.
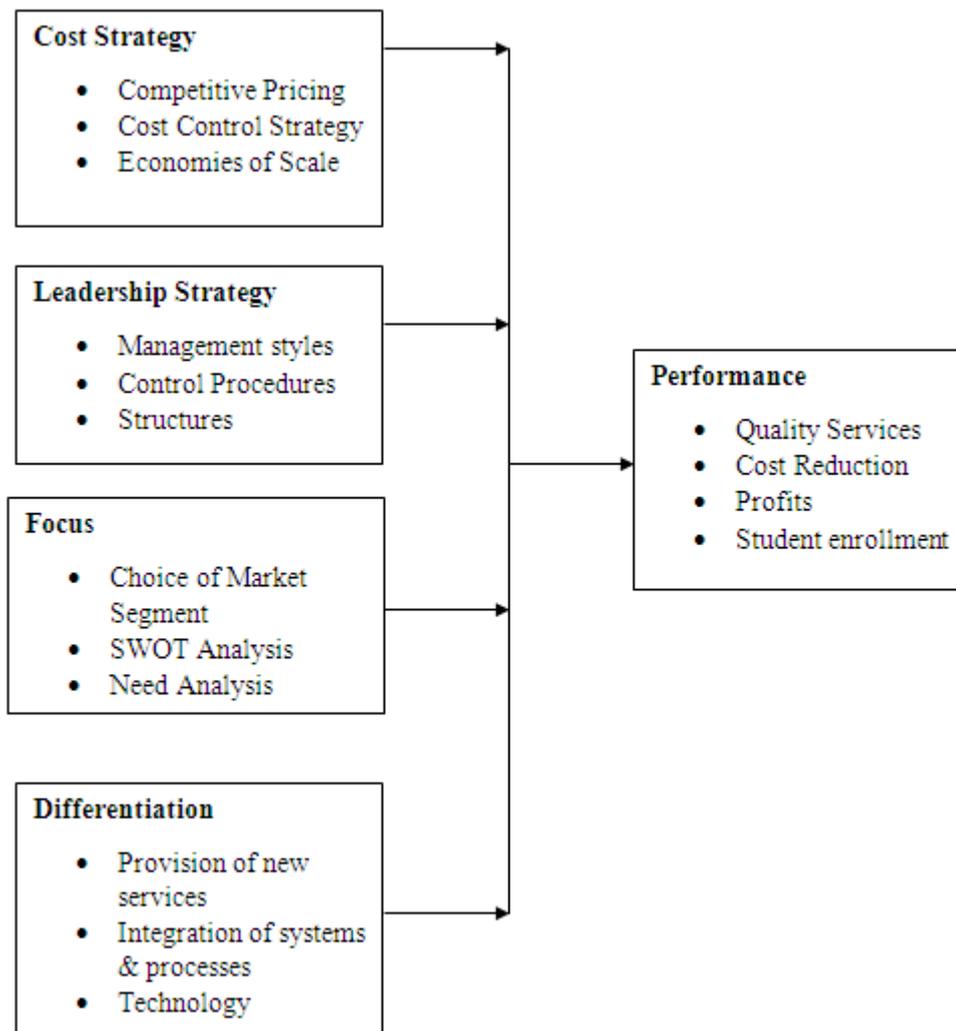
Independent Variables   **Dependent Variable**

Figure 2.1 Conceptual Framework

2.4 Review of Literature on Study Variables

There are various studies that have been investigated by different researchers on strategic management practices. Simba et.al.,(2015) evaluated the strategic management determinants of value addition of industrial fish processors in the Sea food processing sub chain in Kenya and used the variables: strategic planning practice, technological competitiveness, market competition and corporate policies.

2.4.1 Cost Strategy

This is a concept developed by Michael Porter, utilized in business strategy. It describes a way to establish the competitive advantage. Cost leadership, in basic words, means the lowest cost of operation in the industry. Cost leadership strategy takes place through experience, investment in production facilities, conservation and careful monitoring on the total operating costs (through programs such as reducing the size and quality management). Cost leadership involves becoming the low cost firm in an activity and can operationalized as low input costs, economies of scale, experience, products/process design and low pricing (Johnson et al., 2011). Low input costs involve locating operations close to materials and cheap labor; economies of scale require large scale operations and experience is where more experience leads to efficiency. Products/process design influence efficiency by making products from cheap standard materials while low pricing is made possible by having products that are close to competitors in terms of features. The firm can then make small price cuts to compensate the slightly lower quality (Johnson et al., 2011). The low cost strategy should translate to a profit margin that is higher than the industry average (Porter, 2005). Cost leadership strategy is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Ireland, et. al, 2011).

This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (cost advantages). In order to achieve a low-cost advantage, public universities must have a low-cost leadership strategy, low-cost operations with integrated sections/business units, and a workforce committed to the low-cost strategy. The public universities must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other public universities with a cost advantage. For an effective cost leadership strategy, public universities must have a large market share. There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, services and products design, input cost and capacity utilization of resources. Porter (1998) purports only one firm in an industry can be the cost leader and if this is the only difference between a public university and competitors, the best strategic choice is the low cost leadership role (Malburg, 2000)

Cost Leadership also tends to be more competitor oriented rather than customer oriented (Frambach, et. al, 2003). Porter (1980), posit that a firm that successfully pursues cost leadership strategy emphasizes vigorous pursuit of cost reduction, tight cost and overhead control, research and development and advertisement among others to achieve a low cost position. Lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, services and products designs reducing operations time and costs, and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets comparable services and produces more efficiently than its competitors. The public university may have access to cheap materials or superior proprietary technology which helps to lower costs. Public universities do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share (Porter, 1998). Lower prices lead to higher demand and, therefore, to a larger market share. As a low cost leader, public universities can present barriers against new market entrants who would need large amounts of capital to enter the market. 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 public university lowers prices too much, it may lose revenues.

This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its services and 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 public university can maintain some profitability while the competitor suffers losses. Even without a price war, as the industry matures and prices decline, the public universities that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market (David, 2011).

The public university opens up a sustainable cost advantage over competitors and uses that lower cost as a basis for either underpricing 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 public university 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 public university designs, produces, and sells a comparable service and product more efficiently than its competitors as well as its market scope, it means that the public university is carrying out the cost leadership strategy successfully (Brooks, 2010).

2.4.2 Leadership Strategy
Strategic leadership is an ability of firms to anticipate, envision and maintain flexibility, and empower others to create a strategic chance and a viable future of the organization (Kjelin, 2009). Guillot (2003) defines strategic leadership as the ability of an experienced, senior leader who has wisdom and vision to create and execute plans and make consequential decisions in the volatile, uncertain, complex and ambiguous strategic environment. Montgomery (2008) argues that, few leaders allow themselves to think about strategy and the future. Leaders should give direction to every part of the organization – from the corporate office to the loading dock. Strategic leadership is therefore the ability of the leaders to create and re-create reasons for the organization's continued existence. The leader must have the ability to keep one eye on how the organization is currently adding value and the other eye on changes, both inside and outside the organization, that either threaten its position or present some new opportunity for adding value.

Some researchers belief that strategic leadership concept may become the most apt concept to embracing better value driven culture in public sector in the era of the 21st century (Draft & Pirola-Merlo 2009 ; Jing & Avery 2008; Ireland and Hitt 2005). Leadership in public sector tend to face the great challenges due to the prominent rule-based and too bureaucratic leadership styles, non performance based Human Resource Management (HRM) culture, and lack of innovative management practices. Several key roles of strategic leadership can be offered as strategies to sustain public organization performance outcome (Ireland & Hitt, 2005).

In recent years, competitive markets and business environments have been volatile, turbulent, uncertain, complex, and heterogeneous. Thus, universities have implemented valuable competencies, capabilities and strategies for their business operations and activities in order to enhance business excellence, encourage competitive advantage, achieve performance, gain corporate survival, and promote organizational sustainability in these circumstances. Strategic leadership has become a key determinant of driving and explaining universities competitiveness, and profitability. Public universities with greater strategic leadership tend to achieve higher performance and enhance organizational success in the business operations. The attainment of the strategic objectives underlying strategic decisions is accomplished through the effective practice of strategic leadership.

Strategic leadership focuses on the future, to create excitement for the future, as well as for what is happening today. A primary goal of a strategic leader is to gain a better understanding of the business conditions, the environment and other aspects that identify the challenges of the future. In their review of the strategic leadership literature, Boal & Hooijberg (2011) made the distinction that theories of leadership are about leadership in an organization but that strategic leadership is of leadership of the organization. Strategic leadership is marked by a systemic concern for the whole organization, its evolution, changing aims as well as the selection, development and maintenance of the requisite resources and capabilities to enable it to compete.

2.4.3 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 services based on a certain physiological aspects or by special attributes that appeal to members of a certain social class (Stone, 2008). 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 based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes. In the focus strategy, a public university targets a specific segment of the market (Porter, 1998). The public university can choose to focus on a select customer group, services and products range, geographical area, or service line (Stone, 2008). 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 services and products specifications or requirements. A successful focus strategy (Porter, 2013) 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 public universities 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 public universities.

2.4.4 Differentiation

Differentiation is another generic strategy developed by Michael porter. Differentiation refers to the development of a unique product or service (Porter, 2011). These products are seen as such when compared with competing products because of the distinguished features. There are many ways and dimensions by which firms can differentiate themselves (Thompson et al, 2012) and their product from rival companies. For instance, the company`s image and customer perceptions are important elements Becker et, al (2011) during differentiation strategy because the perceived difference or distinguishing features make the customer more sensitive toward the buying process. Secondly, the differentiation created by the relationship between the company and buyers through product personalization and adaptation to the buyers` characteristics and differentiation can also be achieved by focusing on connections between departments or other company's relationships

Innovation is broadly seen as an essential component of competitiveness, embedded in the organizational structures, processes, products, and services within a firm (Powell, 2007) According to Jin et al. (2004), strategic innovation is a future-focused business development framework that identifies breakthrough growth opportunities, accelerates business decisions and creates near-term, measurable impact within the context of a longer-term vision for sustainable competitive advantage. Kuratko et al. (2005) argues that combining non- traditional, creative approaches to business innovation with traditional consulting models, strategic innovation inspires cross-functional teams composed of an organization's leading change agents, guiding them to identify new revenue streams, to create breakthrough

growth strategies, to define innovative new products, services and business models, to stimulate new business relationships and to rethink current business practices.

Strategic innovation challenges an organization to look beyond its established business boundaries and mental models and to participate in an open minded, creative exploration of the realm of possibilities (Kaplan and Palmer, 2007). Kim and Mauborgne (2005) posit that, the significance of Strategic Innovation to an organization lies in its ability to supplant competition by generating more value in the long run. This they argued, is achieved through creation of new differentiated business that initially by pass competition and new business marketing, offers and space that renders competition irrelevant.

Firm performance provides useful information for monitoring and control, improvement, maximization of effectiveness of improvement effort, reward and discipline and as a lever towards alignment of organizational goals and objectives (Drucker, 2013). Profits, growth, balance scorecards, economic value added, activity based analysis and customer satisfaction are some of the frameworks that several scholars have proposed as effective in undertaking firm performance (Hitt, 2010). Richard et al, (2009) elucidates that performance measures should not be made specific to research question but be sufficiently robust to cover the domain of organizational performance. Strategic innovation is considered as developments and new applications, with the purpose of launching newness into the economic area. It can be conceived as the transformation of knowledge to commercial value. Innovation has great public universities importance due to its potential for increasing the efficiency and the profitability of companies. According to Fagerberg et al. (2004), the key reason for innovativeness is the desire of firms to obtain increased business performance and increased competitive edge. Public universities procure additional competitive advantage and market share according to the level of importance they give to innovations, which are vital factors for organization to build a reputation in the marketplace and therefore to increase their market share.

2.4.5 Performance

Performance measurement comprises the actual output (or goals and objectives). Specialists in many fields are concerned with University performance including strategic planners, operations, and finance, legal and organizational development. In recent years many public universities have attempted to manage University performance using the balance scorecard

methodology where performance in tracked and measured in multiple dimensions such as: Financial performance (e.g. shareholders return) employee stewardship (Wikipedia, 2009) performance improvement is the concept of measuring the output of a particular process or procedure, then modifying the process or procedures in order to increase the output, efficiency or effectiveness of the process or procedure. Performance improvement is the concept of the organizational change in which the managers and governing body of the University put into place and manage a programme which measures the current level of performance of the University and then generates ideas for modifying University behaviors and infrastructure which are put into place in order to achieve a better level of output. The primary goals of public universities improvement are to improve University effectiveness and University efficiency in order to improve the ability of the University to deliver its services and prosper in the market places in which the University competes (Ramarapu, and Lado 2011).

University Performance measurement includes multiple activities that help in establishing the goals of the University, and monitor the progress towards the target. It is used to make adjustments to accomplish goals more efficiently and effectively (Raelin, 2003).These days several techniques have been developed to help detect and enhance University performance. Business scorecards are one of the methods whereby the activities of a University are measured against its visions and mission. Other methods include time management. By managing time and regulating targets and deadlines a University will grow and make profits. University Performance can be achieved by using these approaches which if used with a strong focus, comprehensively, on achieving the results of the University, could increase the performance of the University. Best Practices,

Quality circles and Process control can also be used to achieve similar goals (Raelin, 2003).

RESEARCH METHODOLOGY
3.1 Introduction
The chapter dealt with the target population, type of data collected, sampling frame, sample and sampling technique, the sample size, data collection procedures, pilot test, validity and reliability of the instrument as well as the data analysis techniques and how eventually data was presented.

3.2 Research Design
The researcher used descriptive research design which is concerned with finding out who, what, where and how much of a phenomenon, which is the concern of the study. A descriptive research is directed at making careful observations and detailed documentation of a phenomenon of interest (Bhattacherjee, 2012).The research design helped to structure and to show how all of the major parts of the research work together to try to address the central research questions. It constitutes the blue print for the collection, measurement and analysis of data (Kothari, 2003).

3.3 Target Population
A population can be defined as an entire group of individuals, events or objects having a common observable characteristic, which a researcher is interested in (Kothari, 2004).According to Sekaran (2010), a target population was classified as all the members of a given group to which the investigation was related, whereas the accessible population was looked at in terms of those elements in the target population within the reach of the study. The target population of the study will be 157 consisting mainly representative from director office, principals, dean of students and head of chairman of department mainly from the University of Moi as the source.

Table 3.1 Target Population

Category	Population
Representative from director's office	36
Dean of Students	47
Principals	19
Chairman of department	55
Total	**157**

(Source Moi University, 2017)

3.4 Sample Size and Sampling Technique

The study used purposive sampling. In this method the researcher purposely targets a group of people believed to be reliable for the study. The purposive sampling helps in selecting information rich cases for in- depth analysis related to the central issues being studied. According to Mugenda and Mugenda (2005) a smaller group is obtained from the accessible population. The sample size will be calculated by use of Slovin's formula. The sample size was calculated as follows:

$$n = \frac{N}{(1+Ne^2)} = \frac{157}{1+157 \times 0.05^2} = 113$$

Where N =is the population size

e = merging error to be decided by the researcher

n = denoted for desired sample size.

3.5 Data Collection Methods

The study used both primary and secondary data. Primary data was collected using self-administered questionnaires through drop and pick method. In both cases the respondents was given sufficient period of about one week to fill the questionnaires.

3.6 Data Collection Procedures

Primary data was collected on the analysis of variables applying the questionnaires which were personally administered to the sampled respondent. Secondary data was collected from past research works, internets, relevant Journals, magazines, newspapers and other related publication. An introductory letter was used to introduce the respondents in the research. The principles of beneficence and respect for human dignity was observed during data collection where no harm and right to self-determination and full disclosure was honored with respondents deciding independently.

3.7 Pilot Study

Pilot study was related to the mini version of full scale study or the feasibility study. It involved the specific pre-testing of the research instrument. Pilot study did not guarantee success of the study but

increased the likelihood and valuable insights for other researchers. In this case, six questionnaires were administered to pilot subject in the same way was administered in the main study to each strata/department.

3.7.1 Validity

The validity was determined whether the research items truly measured the intended factual research results. The research items or questions in questionnaire were developed to represent dimensions of each variable in the research. The data collected from the pilot test were subjected to analysis to test the construct validity, (Golafshani, 2003).

3.7.2 Reliability

Reliability is the extent to which results of the study were consistent overtime and how accurate is representation of the total population under study, (Golafshani, 2003). The SPSS was used to analyze the reliability of data which it aimed at finding out the extent to which a measurement procedure produced the same results if the process was repeated over and over again under same conditions. The Cronbach's Alpha was used to test the reliability of the study.

3.8 Data Analysis, Processing and Presentation

After the respondent completes the questionnaires, the information was checked for completeness, properly coded, tabulated and analyzed by SPSS for easy management and longevity of the data. According to Sekerani, (2010), descriptive statistics offers a profile or relevant aspects of a phenomenon of interest. Presentation was done by using descriptive statistics, pie charts bar graphs and distribution tables which ensured the full accuracy of data. Presentation to the defense team and audience was done using the explanations to the power points which offered a chance to undertaking main research. Data was analyzed using qualitative and quantitative tools where correlations through regression analysis played part in establishing the relationship between the independent and dependent variable.

The following regression analysis was utilized for the purpose of study.

$$Y=B_0+\beta1X1+\beta2X2+\beta3X3+\beta4X4+e$$

Where:
Y= Performance
a= constant term indication the level of performance in absence of any independent variables
Then:
β1, β2, β3, and **β4** will be the coefficient function of the independent variables,
X1= Cost Leadership
X2= Market Positioning
X3= Focus Strategy
X4= Innovation
e= Error term of the regression

3.8.1 Hypothesis Testing

The T-test and F-test was used to test the four stated hypothesis with the test decision criteria set such that the study rejects null hypothesis (H_O) if $\beta \neq 0$. Otherwise, the study failed to reject H_O. The hypothesis test was done at 5 percent significance level (within 95 percent confidence interval) which is significant for social sciences. This was summarized in table below.

Table 3.2: Hypothesis Test

Hypothesis Statement	Hypothesis Test	Decision Rule
H_{O1}: There is no relationship between cost leadership and performance of public universities in Kenya	F-test (ANOVA) T-test H_O: $\beta1=0$; H_O: $\beta1 \neq 0$	Reject H_{O1} if P- value $\leq$ 0.05 otherwise fail to reject H_{O1} if P- value > 0.05
H_{O2}: There is no relationship between market positioning and performance of public universities in Kenyan	F-test (ANOVA) T-test H_O: $\beta_2=0$; H_O: $\beta_2 \neq 0$	Reject H_{O2} if P- value $\leq$ 0.05 otherwise fail to reject H_{O2} if P- value > 0.05
H_{O3}: There is no relationship between focus and performance of public universities in Kenya.	F-test (ANOVA) T-test H_O: $\beta_4=0$; O: $\beta_4 \neq 0$	Reject H_{O4} if P- value $\leq$ 0.05 otherwise Fail to reject H_{O4} if P- value > 0.05
H_{O4}: There is no relationship between innovation and performance of public universities in Kenya.	F-test (ANOVA) T-test H_O: $\beta_4=0$; H_O: $\beta_4 \neq 0$	Reject H_{O4} if P- value $\leq$ 0.05 otherwise Fail to reject H_{O4} if P- value > 0.05

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

In this chapter, raw data from the questionnaires were analyzed and interpreted. Various models were used to test the relationship between variables, level of significance and reliability. Specifically, the study used Cronbach's alpha test, descriptive statistics test, Pearson Bivariate correlation and Multiple Regression.

4.2 Discussion of Findings

4.2.1 Cost Leadership

The study sought to establish the effect of cost on the performance of public universities in Kenya.

Most of the respondents had the opinion of very great extent that the university has established better policies that enhance economies of scale having a mean score of 4.55 and standard deviation of 0.853 implication of higher response rate. Most of the respondents had opinion of very great extent that the management has formulated better cost control mechanisms that enhances performance having a mean score of 4.71 and standard deviation of 0.527 implication that in today's market competition institution need to invest in amicable and formative cost control structures that enhances performance.

Table 4.6 Cost of Leadership

Descriptive Statistics			
	N	**Mean**	**Std. Deviation**

The university has established better policies that enhance economies of scale	89	4.55	.853
The management has formulated better cost control mechanisms that enhances performance	89	4.71	.527
The university has come up with better competitive pricing strategies that have given it competitive advantage in the market	89	4.81	.474
The university has provided better policies on how the university should take on leading the institution the institution to the next level	89	4.74	.575
The university has provided better policies and strategies that create conducive environment	89	4.62	.819
Valid N (listwise)	89		

4.2.2 Leadership

The study sought to establish the effect of leadership on the performance of public universities in Kenya. Most of the respondents had very great extent opinion that the university has best control procedures for smooth running which gives the university competitive advantage over competitors having mean score of 4.70 and standard deviation of 0.486 implicating that today's competitive market needs best control procedures to enhance performance. Most of the respondents had very great extent that the university has put in place control procedures for finances that has enhanced better performance and delivery of services having mean score of 4.51 and standard deviation of 0.693 implication of higher response rate.

Table 4.7 Leadership

Descriptive Statistics

	N	Mean	Std. Deviation
The university has best control procedures for smooth running which gives the university competitive advantage over competitors	89	4.70	.486
The university has put in place control procedures for finances that has enhanced better performance and delivery of services	89	4.51	.693
The university has flat structures style of management that has provided conducive environment for learning	89	4.61	.576
The university has embraced best leadership styles throughout the university through better structures and systems in place	89	4.60	.616
The university has best leadership structures which have bottom down mechanism of addressing issues	89	4.87	.343
Valid N (listwise)	89		

4.2.3 Focus

The study sought to determine the influence of focus on performance of public universities in Kenya. Most of the respondents had opinion of very great extent that the university management did much swot analysis before it gained competitive advantage over their competitors having mean score of 4.92 and standard deviation

of 0.271 replicating high response rate. Most of the respondents had opinion of very great extent that the university has best choice of market segment that provides economies of scale having mean score of 4.88 and standard deviation of 0.331. From the findings based on market competition universities have a crucial role to play in choosing the best market segments. Most of the respondents had opinion of very great extent that the university focuses on value adding cores that enhances performance in terms of providing quality

learning services having mean score of 4.83 and standard deviation of 0.433 implicating that public universities are focusing on value adding activities that promotes performance. Most of the respondents had opinion of very great extent that the university has invested much in use of latest technology in the market to enhance performance for the institution. Technology plays critical dimension in the diversity of public universities especially in innovation and research areas.

Table 4.8 Focus

Descriptive Statistics

	N	Mean	Std. Deviation
The university has best choice of market segment that provides economies of scale	89	4.88	.331
The university management did much swot analysis before it gained competitive advantage over their competitors	89	4.92	.271
The university conducts regular need analysis of customer needs to enhance performance	89	4.76	.675
The university focuses on value adding cores that enhances performance in terms of providing quality learning services	89	4.83	.433
The university has shifted its focus on courses that are marketable in the market	89	4.81	.541
The university has invested much in use of latest technology in the market to enhance performance for the institution	89	4.83	.376
Valid N (listwise)	89		

4.2.4 Differentiation
The study sought to determine the influence of differentiation on performance of public universities in Kenya. Most of the respondents had opinion of very great extent that integration of systems and processes has branded the university performance image having mean score of 4.93 and standard deviation of 0.294. Most of the public universities have integrated their systems to

enhance efficiency and effectiveness. There was very great extent opinion that the university has invested much in provision of adequate technology that serves the needs of the customers having mean score of 4.94 and standard deviation of 0.232 signifying high response rate .Technology is a mover of any given organization in regards to efficiency systems.

Table 4.9 Differentiation

Descriptive Statistics

	N	Mean	Std. Deviation

	N	Mean	Std. Deviation
There is much investment in provision of new services	89	4.92	.271
Integration of systems and processes has branded the university performance image	89	4.93	.294
The university has invested much in provision of adequate technology that serves the needs of the customers	89	4.94	.232
The university has consistency in provision of innovative activities	89	4.91	.325
The university has better level of innovative activities that has enhanced performance	89	4.91	.288
The university top management has embraced better policies and mechanisms on utilization of innovation as a key tool for the university	89	4.92	.271
Valid N (listwise)	89		

4.3 Correlation Matrix

Table 4.10 Correlation Matrix

Correlations

		Cost Strategy	Leadership Strategy	Focus	Differentiation	Performance
Cost Strategy	Pearson Correlation	1	.309**	.013	.110	.006
	Sig. (2-tailed)		.000	.000	.000	.000
	N	89	89	89	89	89
Leadership Strategy	Pearson Correlation	.309**	1	.391**	.041	.050
	Sig. (2-tailed)	.000		.000	.003	.000
	N	89	89	89	89	89
Focus	Pearson Correlation	.013	.391**	1	.118	.078
	Sig. (2-tailed)	.000	.000		.000	.000
	N	89	89	89	89	89
Differentiation	Pearson Correlation	.110	.041	.118	1	.207
	Sig. (2-tailed)	.000	.000	.000		.000
	N	89	89	89	89	89
Performance	Pearson Correlation	006	.050	.078	.207	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	89	89	89	89	89

**. Correlation is significant at the 0.01 level (2-tailed).

The results showed that cost leadership, leadership, focus and differentiation have significant correlation on performance as dependent variable. The implication of these findings to the theory and factors influencing performance is that cost leadership and leadership as strategic factors influencing performance are indispensable and have improved performance.

4.3.1 Coefficient of Determination

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance) that is explained by all independent variables. From the findings this meant that 49% of performance is attributed to combination of the four independent factors investigated in this study**.**

Table 4.11 Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.220[a]	.049	.003	2.42348

a. Predictors: (Constant), Differentiation, Leadership Strategy, Cost Strategy, Focus

4.4 Regression Analysis

In statistical modeling, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables (Marshall, C., 2013).

4.4.1 Analysis of Variance (ANOVA)

This is a statistical method used to test differences between two or more means. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model with P-value of 0.00[b] which is less than 0.05 indicates that the regression model is statistically significant in effect of performance in the public universities in Kenya.

Table 4.12 Analysis of Variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.209	4	6.302	1.073	.000[b]
	Residual	493.353	84	5.873		
	Total	518.562	88			

a. Dependent Variable: Performance

b. Predictors: (Constant), Differentiation, Leadership Strategy, Cost Strategy, Focus

4.4.2 Regression   Coefficient

This is an extension of simple linear regression. It is used to predict the value of a variable based on the value of two or more variables. The variable to predict is called the dependent variable or sometimes, the outcome, target or criterion variable.

Table 4.12   Regression Coefficient

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	17.239	8.250		2.090	.000
	Cost Strategy	.032	.104	.035	.310	.000
	Leadership Strategy	.066	.141	.058	.466	.000
	Focus	.034	.127	.032	.267	.000
	Differentiation	.432	.224	.210	1.926	.000

a. **Dependent Variable: Performance**

The regression equation was:

$$Y = 17.239 + 0.032X_1 + 0.066X_2 + 0.034X_3 + 0.432X4$$
Where;
Y = the dependent variable (Procurement Performance)
X_1 = Cost Leadership
X_2 = Leadership
X_3 = Focus
X4 = Differentiation

The regression equation above has established that taking all factors into account performance as a result of cost leadership, leadership, focus and differentiation constant at zero performance will be 17.239 This therefore implies that all the four variables have strong positive relationship with performance the dependent variable.

Further in the model it shows that a 0.032 increase in cost leadership led to 1 point increase in performance, a 0.066 increase in leadership led to 1 point increase in performance, a 0.034 increase in focus led to 1 point increase in performance while 0.043 increase in differentiation led to 1 point increase in performance with implication of the best model used.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The chapter finally presents the limitations of the study and suggestions for further studies and research.

5.2 Summary of Findings

5.2.1 Cost Leadership

Most of the respondents had the opinion of very great extent that the university has established better policies that enhance economies of scale having a mean score of 4.55 and standard deviation of 0.853 implication of higher response rate. Most of the respondents had opinion of very great extent that the management has formulated better cost control mechanisms that enhances performance having a mean score of 4.71 and standard deviation of 0.527 implication that in today's market competition institution need to invest in amicable and formative cost control structures that enhances performance. Most of the respondents had opinion of very great extent The University has provided better policies on how the university should take on leading the institution the institution to the next level having a mean score of 4.74 and standard deviation of 0.574 signifying higher response rate.

5.2.2 Leadership

Most of the respondents had very great extent that the university has put in place control procedures for finances that has enhanced better performance and delivery of services having mean score of 4.51 and standard deviation of 0.693 implication of higher response rate. Most of the respondents had very great extent the university has flat structures style of management that has provided conducive environment for learning having mean score of 4.61 and standard deviation 0.576 implicating that better flat structures formulated by the institution will enhance spearhead of performance. Most of the respondents had very great extent the university has embraced best leadership styles throughout the university through better structures and systems in place having mean score of 4.60 and standard deviation 0.616 replication of high response rate. In today's market competitive world management needs to provide better leadership that suits the performance of the organization.

5.2.3 Focus

Most of the respondents had opinion of very great extent that the university has best choice of market segment that provides economies of scale having mean score of 4.88 and standard deviation of 0.331. From the findings based on market competition universities have a crucial role to play in choosing the best market segments. Most of the respondents had opinion of very great extent that the university focuses on value adding cores that enhances performance in terms of providing quality learning services having mean score of 4.83 and standard deviation of 0.433 implicating that public universities are focusing on value adding activities that promotes performance. Most of the respondents had opinion of very great extent that the university has invested much in use of latest technology in the market to enhance performance for the institution. Technology plays critical dimension in the diversity of public universities especially in innovation and research areas.

5.2.4 Differentiation

Most of the public universities have integrated their systems to enhance efficiency and effectiveness. There was very great extent opinion that the

university has invested much in provision of adequate technology that serves the needs of the customers having mean score of 4.94 and standard deviation of 0.232 signifying high response rate .Technology is a mover of any given organization in regards to efficiency systems. Most of the respondents had opinion of very great extent that the university top management has embraced better policies and mechanisms on utilization of innovation as a key tool for the university with mean score of 4.92 and standard deviation of 0.271 which made many public universities to perform well in research and innovation. Most of the respondents had very great extent opinion that the university has better level of innovative activities that has enhanced performance with mean score of 4.91 and standard deviation of 0.288.

5.3 Conclusions
Based on the findings of this study the following conclusions were drawn: The results reveal that, cost leadership, leadership, focus and differentiation have positive significant correlation on performance. The study also concludes that universities has emphasized on strengthening and establishing focus and cost reduction systems that would enhance performance.

5.4 Recommendations
1. The study recommends that managerial level should come up with policies and structures that enhance performance.

2. The study recommends policy makers to improve on better training techniques, better leadership and amicable process approach that will embrace performance to the university.

3. The study recommends that corporate management should initiate corporate strategic plans that influence and perfect performance.

5.5 Research for Further Studies

This study focused on strategic factors that influence the performance of public universities in Kenya. Since only 49% of results were explained by the independent variables in this study, it is recommended that a study be carried out on other companies especially those in the manufacturing industry.

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