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Influence of growth strategies on performance of public universities in Kenya

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Abstract

The study's main objective was to investigate the influence of growth strategies on performance of public universities in Kenya. Ansoff's growth strategies were explored. The study was grounded on Ansoff's growth-vector matrix, the resource based view and the structure-conduct-performance framework. The study employed a cross sectional survey design involving the total population (census) of the 33 public universities in Kenya. The cross sectional survey design was used because of the comparative analysis across the universities. The cross sectional survey also helped to prove and/or disprove assumptions. The respondents were staff from marketing, planning and strategy, finance and administration departments of the universities. Data was collected through semi-structured research questionnaires, which were self-administered by the respondents with the assistance of the researcher. They were dropped and picked from the respective respondents. Data was evaluated through descriptive statistics and inferential statistics. The study findings were presented through frequency distribution tables. The study found that market penetration strategy has a positive influence on the performance of public universities. Product development has a positive influence on the performance of public universities. The study found that market development strategy has a positive influence on the performance of public universities. The study found that diversification strategy positively influenced the performance of public universities in Kenya. The study recommended that emphasis be put on the mainstream media advertising and social media to attract more students. The public universities should also ensure that their organization structure does not limit accessibility to its services and as a result, negatively influence customer satisfaction. Public universities should establish academic exchange programs with international universities to boost positive word of mouth as only few public universities have established exchange programs. Public universities should also continue implementing diversification strategy by developing new and relevant courses based on the market needs. Further studies may focus on the influence of growth strategies on organizational performance of other sectors such as the manufacturing, agriculture, aviation and health sectors in Kenya. Future studies may focus on other balance scorecard performance measures such as internal processes perspective, organizational capacity/learning and growth perspective or financial perspective. Similar studies may be conducted focusing on private universities for comparability.

CHAPTER ONE

INTRODUCTION

1.1Background of the Study

Today organizations operate in a highly competitive environment. Porter, (1998) remarked that competition has intensified dramatically over the last three decades in almost all domains including the arts, education, healthcare and philanthropy, therefore every organization needs a strategy in order to grow and increase its customers. Baker (2007) adds that only through a process of constant adaptation and renewal can an organization hope to survive and prosper. The market condition has progressively turned out to be competitive hence compelling organizations to formulate strategies to grow, improve their performance and remain relevant in the market (Pearce & Robinson, 2007). One such strategy is the growth strategy which literature posits an influence on performance.

As a result of the growing number of institutes of higher learning in Kenya, even the well-established public universities are concerned about their organizational performance (Mukhwana, Oure, Kiptoo, Kandie, Njue, Too & Some 2016).Additionally Odhiambo (2013) notes that the reduced government capitation to public entities necessitated universities to fend for themselves in order to stay abreast, grow and align themselves given the external environment complexities.

1.1.1Growth Strategies

According to Thompson and Strickland (2013), a firm's strategy is managements' action plan for running the business and conducting operations. It is the balance of actions and choices between the internal capabilities and external environment of an organization. Westerlund and Leminen (2012) defined a growth strategy as a means in which organizations plan in order to achieve its objectives which is to increase in size, volume and turnover. Additionally, Kotler (2013) stressed that management constructs this plan in response to market forces, customer demands, and organizational capabilities.

Pearson and Saunders (2016) defined growth strategy as a well-explained vision of where a business plans to go and the methodology of getting to that point. They see it as a goal communication avenue for an enterprise. Deeds and Coombs (2000) note that growth strategy is a connection between competencies and assets that form the ground for attainment of competitive gain via diverse resources of an enterprise. Baker (2007) further posits that to succeed, a growth strategy requires a firm foundation from which to develop.

Burns (2007) and Johnson, Sholes and Whittington (2013) conferred that there are two categories of growth strategies used by firms for growth. The first category is internal growth strategy, also known as intensive growth strategies, which include expansion strategy, diversification strategy and innovation. The second category is external growth strategy also known as integrative growth strategies and they include mergers, amalgamations, acquisitions, takeovers and joint ventures. Von Krogh and Cusumano (2001) expanded that organizations can choose any or all of these growth strategy categories. According to Moeller (2008) growth strategies are integrated approaches impacting all sections of a firm. They require investment in technology, processes and skills. Growth strategies may originate from external opportunities as well. This can be done internally through development of new products or externally by diversifying.

For the purpose of this study, the growth strategies suggested by Ansoff (1957) will be explored. They include market penetration, which involves increased sales of already existing products to the existing market in a bid to acquire bigger market share than the organization’s competitors. Product development, which considers improving existing products to invigorate an existing market or creating new products/services that the market seeks. Kotler (2013) defined product development strategy as the process of bringing new innovations to consumers from concept to testing through distribution. Additionally, Ansoff (1957) stated that when the aim of a firm is to carry out product development the idea is provision of the present market with fresh products. The recognition and realization of which is via a process that allows organizational decision making powers relate with some other members in a firm and with parties form the outside.

Ansoff (1987) defines market development as taking current products and finding new markets through opening up previously excluded market segments, new marketing and distribution channels and entering new geographic markets. McCarthy, Christos and Christen (2014) developed two possible methods of implementing market development strategy as moving the present product into new geographical areas and expanding sales by attracting new markets. Miotti and Sachwald (2003) stated that market development is carried out with the aim to enter new markets with current products which can be through access to international markets so as to speed up market entry, avoid entry barriers to new markets and acquire knowledge of the new unknown markets.

Diversification strategy can be defined as expanding or entering new markets, which are different from the firm's existing product lines. Diversification is subdivided into two; related diversification where the firm expands into new areas within the same sector and unrelated diversification where the firm enters a totally new market (Johnson and Scholes, 2013). Diversification involves a high level of uncertainty and risks due to lack of knowledge about the market and product as it entails sale of new products in new markets. Diversification strategy requires new skills, new technology and new facilities. Ansoff (1957) reiterates that companies diversify to compensate for technological obsolescence, to distribute risk, to utilize excess productive capacity and to invest earnings. He adds that in most actual situations a business would follow several of these paths at the same time which is a sign of a progressive, well run business and maybe essential to survival in the face of competition. Constable and McCormick (2012) argued that among the managerial possibilities presumed, as the explicit contributor to the economic functioning of organizations is the extent of diversification. According to Dibb (2017), diversification of organizations is by the extension of the operations scope into multiple markets and a diversification strategy is trailed as explained by Chandler (2010), as when organizations have opportunities embedded in market structures and technology as well as opportunities for growth in the organization's basic business. Boyd et al (2014) reported that in multiple markets, the assumption is that there are some raised benefits such as increased revenue that may be attained by diversification through a more competent utilization of organizational resources. Benito (2013) indicated that diversification increases profitability although only up to the limit of complexity.

1.1.2 Organizational Performance

Swanson and Holton (2013) defines organizational performance as a multi-dimensional construct, the measurement of which varies depending on variety of factors in the firm. Almatrooshi, Singh and Farouk (2016) summarized organizational performance as the achievement of a firm's strategic goals and objectives. Daft (2000) outlines enterprise success as the firm's capability to achieve its objectives through utilizing resources in a well-organized way. Simons (2000) on the other hand, outlines that organizational performance can be viewed as a mechanism in marketing where firms related actively with product markets for customers and the financial factor. In the money markets, performance of a corporate endeavors in the satisfaction of the creditors and shareholders through financial constructs.

Performance has traditionally been measured in terms of financial metrics, which include net profit, return on assets, return on equity and yearly growth. However certain managerial efforts cannot be measured with such financial performance indicators. Dimba (2009) advocated for wider performance indicators, which include non-monetary indicators for example product quality, market share, organization image and interpersonal relations. Kaplan and Norton (1996) criticized financial indicators due to lack of stability since they concentrate more on tangible resources ignoring for example customers' perceptions as well as firm's business processes.

The outlook by Kaplan and Norton (1992) is that of balanced scorecard, which is the comprehensive measurement of performance of a business, which is known for balancing the financial and non-financial elements in assessing the performance of an organization. Brooks (2013) posits that the primary goal of organizational growth is to improve efficiency and effectiveness in order to improve the ability of the organization to deliver its services and prosper in the market place in which it competes. Several techniques have been developed to help detect and enhance organizational performance. The balanced scorecard is one of the methods whereby the activities of an organization are measured against its visions and mission. Another method is time management. By managing time and regulating targets and deadlines an organization will grow and make profits.

The balanced scorecard has four key performance indicators that include financial perspective, customer perspective, internal processes perspective as well as learning and growth/organizational capacity (Kaplan & Norton, 2014). The authors stipulates that the financial indicator points at organizational financials such as profits, revenue, lowering of costs as well as effective resource use. Customer perspective views organizational performance in terms of customer value, satisfaction and retention. Internal processes views organizational performance through the lenses of quality and efficiency of products and services being offered. Organizational capacity/learning and growth views organizational performance through human capital, infrastructure, technology, knowledge/skills and other capacities that are key to break through performance (Kaplan & Norton, 2014).

This study adopted the balanced score card performance measurement tool through the customer perspective. Bourne, Franco and Wilkes, (2003) argued that traditional performance measurements were too financially biased, focusing only inside the organization on cost and budget variance data. The balanced scorecard literature widened the concept of performance measurement by making executives look externally, at how customers and shareholders see the business, as well as internally at process performance and the source of innovation and learning. The customer and shareholder view on the organization is thus considered.

The Customer perspective addresses how a company creates value for its customers Atkinson, Kaplan, Matsumura and Young, (2013). Kaplan and Norton (2014) suggest that a firm selects two sets of measures: generic measures (market share, customer retention, positive word of mouth, customer acquisition, customer satisfaction, and customer profitability) and performance drivers (product/service attributes customer relationship, and image and reputation). The authors reiterate that organizations then must determine what customers consider as valuable and define how they differentiate (performance drivers) themselves from other companies to retain, attract, and satisfy (generic measures) their target customers. The Customer perspective uses a value proposition to describe the product, price and image that a company offers. Improving customer relationship management systems, interaction, and retention and support services may do this.

1.1.3 Public Universities in Kenya

Universities were created under an Act of parliament to complete research utilizing their assortment of qualified staff in Kenya (Ministry of Education, 2015).The guideline of university education has developed with the more extensive education sector that has developed from one state funded university during the 1980s to more than 70 public and private universities as at 2018.After 1990, numerous Kenyans sought more access to university-based education where the system speedily opened up hence becoming the significant moment for the growth of public higher education institutions in the country.

As opined by Onsongo (2007), the number of public universities had increased to 7 from only 4 in 1987. The number of public universities had multiplied to 22 as at 2013. This was attributed to the push from the government to meet the rising demand for university education. More than 15 constituent colleges were upgraded to universities. As at 2018 the number of the public universities was 33(CUE, 2018).

Universities have had to rethink their strategies due to the drastic change in the operating environment. For example, the increase of public universities from 2 in 1972 to 7 in 2007 and to 33 as at end of 2018 has intensified competition. Besides, private universities are also in competition for the same students (Gakure & Orwa, 2014). Additionally, with reduced capitation from the government, the universities have had to devise methods for survival (Odhiambo, 2013). Pressure has been exerted on public universities to formulate successful strategies that facilitate practical response to these changes in the growing environment and enhance performance of the higher education sector. Many resent studies have pointed at growth strategies as a sure way of enhancing performance and maintaining or improving market share. This study therefore sought to investigate the growth strategies that the universities have put in place in order to compete in the arena and stay afloat ensuring that their performance is optimal.

1.2 Problem Statement

Public universities in Kenya have been confronted by many struggles that prevent them from growing as well as improve their performance. For example reduced government capitation, which saw the government support for higher education diverted to other projects has posed a challenge. Secondly, is the increase in number of public and private universities competing for the same students for tuition income, and thirdly their need to grow their student numbers and income in order to be sustainable. These struggles have had public universities rethink strategies that can ensure their survival. One such strategy is the need to adopt growth strategies in order to grow and enhance their performance.

Previous studies have been done locally and worldwide on growth strategies and how they influence organizational performance. The findings obtained from these studies are inconsistent. Chen and Yu (2011) assessed diversification, managerial ownership and firm performance and found that organizations that utilize growth strategies increased their financial returns. Denis et al., (2002) considered the connection concerning growth strategies and success of Chinese firms and established a positive direct connection amongst growth strategies and success. In a related survey done by Gonenc and Aybar (2006), on financial crisis and firm performance in Turkey, they found a weak evidence for a positive connection amongst diversification and execution in Turkish modern firms.

However, while the same studies focused on application of growth strategies in a bid to enhance organizational performance, their context was in developed economies like Chen and Yu (2011) did their study in Malaysia, Denis et al. (2002) did their study in China, Gonenc and Aybar (2006), in Turkey. Furthermore their studies focused on the private sector. Perks and Bouncken (2004)did an exploratory study entitled variety in strategic management, perceptions of growth strategy and its effects on firm performance on small and medium sized firms across Europe. Their study adopted purposeful logic sampling and found that customers indeed played a key role in helping organization perform better.

Studies on growth strategies and performance have also been carried out locally in Kenya by a number of scholars. For example (Mutuma, 2013; Kagwiria, 2013; Njuguna, (2013), Kinyeki, 2016) assessed the effects of various growth strategies on performance of commercial banks in Kenya. Their studies adopted different methodologies, Mutuma (2013) targeted tier one category of commercial banks in Kenya and found that product development had the highest effect on performance of commercial banks, followed by market penetration, then diversification while market development having the lowest effect on the performance of commercial banks. Kagwiria, (2013) employed descriptive census survey of all commercial banks in Kenya and looked into product development, market development and diversification strategies, leaving out market penetration strategies. Njuguna (2013) studied the impact of growth strategies on the budgetary execution of oil firms in Kenya and revealed that growth strategies had inconsequential impact on the general financial performance of oil firms in Kenya. Kinyeki (2016) did a case study of Equity Bank in Kenya. Their findings were inconsistent due to their study context as well as methodology. Mwangi (2018) conducted a study on growth strategies and success of milk handling enterprises. The study found that mergers and acquisition strategies had a substantial consequence on the success of the milk processing companies. The study also found that market penetration strategy such as lowering prices and a price-setting practice had a significant effect on the performance of milk processing companies.

Kamau (2017) did a study on the influence of corporate growth strategies on success of SACCOs in Nyeri County and found that the strategies were significant determinants of success. Furthermore, the relationship between either market development or market penetration on performance was strong and positive while diversification demonstrated a moderate, positive impact on performance.

Though studies on the higher education sector have been carried out, there was limited literature related to the impact of Ansoff's growth strategies on the performance of public universities in Kenya. This was to consequently bridge the prevailing gap in the literature.

1.3 Research Objective

The main objective of the study was to determine the influence of growth strategies on performance of public universities in Kenya.

1.3.1Specific Objectives

The study was guided by the following specific objectives:

i) To establish the influence of market penetration strategy on performance of public universities in Kenya.
ii) To determine the influence of product development strategy on performance of public universities in Kenya.
iii) To assess the influence of market development strategy on performance of public universities in Kenya.
iv) To evaluate the influence of diversification strategy on performance of public universities in Kenya.

1.4 Research Questions

i) What is the influence of market penetration strategy on performance of public universities in Kenya?

ii) What is the influence of product development strategy on performance of public universities in Kenya?

iii) What is the influence of market development strategy on performance of public universities in Kenya?

iv) What is the influence of diversification strategy on performance of public universities in Kenya?

1.5 Scope of the Study

The study explored growth strategies adopted by public universities in Kenya. The study focused on implementation of growth strategies in the public universities in Kenya and how they influence the universities performance. As at December 2018, there were 33 public universities in Kenya (CUE, 2018).

1.6 Significance of the Study

This study may be important to the administration and faculty leadership in the public universities, as they may to understand the role that growth strategies play in modeling their processes and how they influence performance. Additionally, they would also know which specific growth strategies to adapt in order to remain competitive and enhance their performance.

The exploration may also be beneficial to policy developers such that the information assembled via this study may help the instruments of government to formulate policies and regulation geared towards enhancing the performance of public universities through adoption of growth strategies.

The outcomes of this exploration would be treasured by academia and researchers, as it would form a basis of further research and stimulate building of an empirical source for future research that have their focus on growth strategies. The study may add value to the body of knowledge by providing reference material for discussions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The researcher reviewed previous literature on growth strategies and organizational performance. The chapter is divided into two segments: one on theoretical and next on empirical reviews. The theoretical review expounds on the Ansoff growth-vector matrix, the resource based view and the structure-conduct-performance framework. The foundation of this research is based on the Ansoff growth-vector matrix. The empirical review on the other hand examines past studies on growth strategies and how they have influenced organizational performance. The research gaps were exposed and the conceptual framework as well as the operationalization of variables explained.

2.2 Theoretical Review

This section explored the theoretical underpinning of the study starting with Ansoff's growth-vector matrix.

2.2.1 Ansoff Growth-Vector Matrix

According to Ansoff, (1957) ability of entrepreneurs to expand their businesses is grounded on fresh marketing products in existing markets or fresh markets. Ansoff acknowledged diverse tactics. Embracing the matrix, enterprises can assess the tactics in response to evaluating the greatest possible revenues. His arguments contends that enterprises ought to exploit need existing market as opposed to utilizing consumers as He argued that a firm's mission should exploit an existing need in the market, rather than using the consumer as the mutual line in commerce. Actually clients have a variety of product needs (Ansoff, 1965).

All entrepreneurs seek growth for their businesses, however it is extremely problematic to articulate the most suitable way to grow. The growth of an organization, in terms of products and markets, can be analyzed using the Ansoff Growth-Vector-Matrix. The matrix may not be able to analyze the organizations' external or integrative strategies such as mergers, acquisition and takeovers (Johnson & Scholes, 2008).

An organization typically starts with market and products in existence. The matrix appreciate that enterprises have to choose between further penetration in the market, establishing fresh products in the market in existence, encroaching into fresh markets or diversifying with fresh products and fresh markets. Hence the matrix clearly reflects growth possibilities and is therefore applicable (Ansoff, 1965).

This study assessed the level to which public universities in Kenya have embraced Ansoff's growth strategies and its influence on organizational performance with a focus on the balanced scorecard's customer perspective. The study assessed whether the growth strategies have influenced customer acquisition, retention, whether they have influenced positive word of mouth and customer satisfaction for the public universities.

2.2.2 Resource Based View (RBV)

The theory has its origin from the work of Penrose 1959 though inadvertently was formerly presented by Wernerfelt (1984). It is based on the idea that the effective and efficient application of all useful resources that a company possesses helps determine its performance (Barney, 1991). Penrose assessed the firm using resource-market matrices instead of the market share-growth combination of the competitive position view presented by the Boston Consulting Group in 1972. A resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and organizational performance. Consequently, firms which build on the unique resources, skills and capabilities are able to control or develop which can become the basis of unique, sustainable competitive advantage and hence boost their performance.

The resources of the firm may determine its capability and enhance the performance of the organization. The resource based view theory argues that a firm can sustain its competitive advantage if it is able to generate sustainable economic rent through its ability to identify, develop display and preserve particular resources and distinguish these from its rivals. The model assumes first that firm's within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control (Bridoux, 2013). Second assumption is that resource heterogeneity may persist over time because the resources used to implement firm's strategies are not perfectly mobile across firms. The RBV theory could be considered as an “inside-out” process of strategy formulation: starting from the internal resources of the firm, their potential for value generation has to be assessed in order to define a growth strategy allowing the firm to achieve the maximum value in a sustainable way (Grant, 2013). In this way, the resources available and the capability to deploy them in the best way to obtain a good performance in an organization determines the firm’s choice of growth strategy.

Although the RBV theory has emerged as one of the important theory of strategic management, it has overlooked the role of entrepreneurial strategies and entrepreneurial abilities as one of the crucial sources of firm performance (Burgelman, 2003). In addition, it has been criticized that competences take so long to develop and environments change so rapidly therefore any beneficial match between an organization’s competences and it’s environment is likely to be accidental or unexpected rather than the result of pre-meditated actions by managers (Hannan & Freeman, 1988). RBV has failed to support the link between customer acquisition and retention, product/service attraction and image and reputation with the performance of public universities. Priem and Butler (2001) suggested that the internal resources of a firm rather than the external environment around the firm are possibly the primary source of performance differences among firms.

Thus the resource-based theory is crucial to understand that growth may be realized from strategic alignment of resources owned by a university. In developing their growth strategies, the public universities in Kenya may pay attention to the resources existing within the institution so as to be able to create value for its customers. As such, this study was grounded on the resource-based view theory as it provides a superior understanding of the sophisticated inside of organizations and their intricate interaction with their environment as they pursue peak performance.

2.2.3 The Structure-Conduct-Performance (SCP) Framework

Mason (1939) and Bain (1956) formulated a framework for empirical analysis of the effect of market structure on industry performance called the Structure-Conduct-Performance (SCP) model. The central hypothesis of the framework is that observable structural characteristics of a market determine the behavior of firms within that market, and the behavior of firms within a market determines measurable market performance (Bain, 1951). In short, SCP paradigm assumes that market structure would determine firm conduct, which would determine performance (Bain, 1956). This is a paradigm that is foundational to industrial organization economics. Since its conception, it has been used to analyze markets and industries, not only in economics, but also in the fields of business management. For instance, the mainline of Michael E. Porter's works on competition (Porter's diamond model) are based on premises derived from this paradigm (Porter, 1981).

Lipczynski, Wilson and Goddard (2013,) stated the importance of the SCP paradigm in several ways: It allows the researcher to reduce all industry data into meaningful categories; It is consistent with the neoclassical theory of the firm, which also assumes there is a direct link between market structure, firm conduct and performance, without overly recognizing this link; by defining a workable or acceptable standard of performance, it may be possible to accept an imperfect market structure, if such a structure produces outcomes that are consistent with the acceptable standard. By implication, market structure can be altered in order to improve conduct and performance.

The SCP framework posits a stable relationship and a line of causality that runs from structure through conduct to performance (Church and Ware, 2012). Consequently, the original SCP paradigm assumes a one-way relationship between structure, conduct and performance. This is the assumption that market structure determines market conduct and thereby affecting market performance (Roth, 2015). The SCP paradigm asserts that conditions of supply and demand in an industry determine its structure. The competitive conditions that result from this industry structure influence the behavior of companies and in turn dictate the performance of the industry (Smit & Trigeorgis, 2014).

Therefore, the model assumes that market structures identified by many firms providing the same products and services, though relatively equal in firm size, are competitive markets generating greater performance (Carlton and Perloff, 2013). Then, the degree of concentration of firms' output in a market affects the extent of competition among these firms in the industry. This is so because of the assumption that a more highly concentrated market structure is more likely to produce more effective collusion (Sathye, 2015).

Literature considers the main elements that influence market structure to include such factors as seller concentration, product differentiation, barriers to entry and exit, buyer concentration and the growth rate of market demand. In terms of performance, growth is regarded as an important performance indicator. In terms of measurement, performance is measured by comparing the results of firms along the industry in relation to price, quantity, product quality, resource allocation and production efficiency (Lipczynski, Wilson & Goddard, 2013). The theory is relevant to this study since it highlights on key issues on the market structure of the public universities and the insinuation that growth strategies determine success.

2.3 Empirical Review

The empirical review examines past studies on growth strategies and how they have influenced performance.

2.3.1 Market Penetration Strategy and Performance

Firm growth can be achieved through market penetration where current markets are targeted with existing products. Simply, current market potential consumers are encouraged to take up the products or existing consumers are encouraged to purchase more of the product. Market penetration is both a measure and a strategy. A business will utilize a market penetration strategy to attempt to penetrate in an existing market. The goal is to enable the organization to quickly get in with its product or service and capture a large share of the market. Market penetration is also a measure of the percentage of the market that your product or service is able to capture. In this regard, market penetration offers the organizations an opportunity to increase both their sales as well as revenue. It is viewed as the least risky strategy of all four in the Ansoff matrix (Howard and James, 2013).

Market availability is a key factor considered when setting up any form of a business. Due to stiff competition in various business sectors, firms within the industries put in place various market penetration strategies to enable them grow and remain competitive in the industry (Duncan & Natarajarathinam, 2016). Market penetration strategy is achieved through pricing and promotion strategies. Pricing strategy refers to the method by which a business calculates how much it will charge for a product or service. It is based not only on the cost of the product, but also on profit margin and a holistic view of the market and future viability. There is no limit to the number of variations in pricing strategies. Promotion refers to the mix of promotional elements a firm uses to communicate with its current or potential customers about its products or services. Promotion efforts can be directed to the ultimate consumer, to an intermediary such as a retailer, a wholesaler or a distributor, or to both. Promotion is fundamental to the success of your firm because, without promotion, potential customers will not know about the existence and benefits of your product or service. Not even the best product or service sells without some promotional effort (Healey, 2013).

Several studies have been done on penetration strategies through pricing strategies, each giving it a different approach, using different methodology and hence resulting to varied findings. For example Paul and Ivo (2013) related price strategies and price setting practices by use of survey method and hypothesis testing on 95 respondents, showed that price strategies and price setting are related because strategies are implemented through price setting practices. Muthengi (2015) studied effects of market penetration strategies on sales performance of commercial banks in Kenya. The study was carried out in Nairobi. The target population was the 43 commercial banks registered by the Central Bank of Kenya. Mboga (2013) aimed at establishing the relationship between market penetration strategies and customer service quality in Kenya Power and Lighting Company.

Harzing (2010) emphasizes that organizations mainly seek to increase their market share to gain reputation since market leaders have an influence that they can use to their advantage. An organization may use its influence in an industry to increase its bargaining power. Harzing (2010) adds that a larger player always has an advantage in negotiations with suppliers and channel members than a smaller player in the industry has. This power enables an organization to be more competitive in the industry, which ultimately results in increased performance. The studies reviewed on market penetration and organizational performance were based on different sectors such as the banking and manufacturing sectors while the current study focused on the higher education sector.

2.3.2Product Development Strategy and Performance

Kotler (2013) posits that enterprises hold on their markets though they provide new products for the markets. In an exploration of 721 industrial enterprises in U.K, Geroski, Machin and Reenen, (2013) demonstrated that the quantity of advancements delivered by firms positively affected their working net revenue. As per Clark and Fujimoto (2014) performance in an improvement venture is controlled by an association's item technique and by its abilities in by and large procedure and association. They further case that an association's products help to shape the market condition; the nature of the market situation changes as purchasers and contenders gain from new items and services. Whereas this study focused on growth strategy in the UK, this study focuses on growth strategy in public universities in Kenya.

Cooke and Morgan (2014) found that not all growth strategies are associated with high performance in a specific industry. Govindarajan (2013) studied growth strategies at the business unit level: implications of matching managers to strategies and argued that corporate strategy implementation by developed countries' multinational companies is rarely effective.

2.3.3 Market Development Strategy and Performance

McCarthy et al. (2014) suggested that continued existence of companies necessitates that they continually consider how market development strategy impacts on their company performance behaviors. How consistent their development of markets with its performance is expected to have implications in the survival of such companies. This study advances an argument that whereas companies may strive to achieve performance through other strategies, market development strategy can influence performance outcomes by considering, unexplored market segments and converting non users to users of the organization's products and by reaching out new geographical regions and capturing either competitors market share or availing the products where there is absolute absence of the product or substitute product.

Ansoff (1988) concludes that it is essential that market development strategies are based on products or services that meet the critical success factors of the new market. Strategies based on simply offloading traditional products or services in new markets are likely to fail. Moreover, market development faces similar problems as product development. In terms of strategic capabilities, market developers often lack the right marketing skills and brands to make progress in a market with unfamiliar customers. On the management side, the challenge is coordinating between different segments, users, and geographies, which might all, have different needs.

Mutia (2013) investigated the effect of growth strategies on the financial performance of commercial banks, a case study of Equity bank in Nairobi. The study found that the organization invested in information technology, range of services accessed, number of referrals and customer feedback, which affected the financial performance of the bank to a great extent. The organization used retained earnings for expansion. Moreover, person-contingent rewards affected the financial performance of the bank. The study concluded that the bank had invested in information technology adequately thus the enhanced performance.

Whereas Mutia's study focused on the influence of growth strategies on the financial performance in the banking sector, the current study focused on growth strategies on performance of public universities with a bias on the customer perspective, a non-financial measure of performance from the balanced scorecard measurement approach.

2.3.4 Diversification Strategy and Performance

Cotugno and Stefanelli (2012) in their study on geographical diversification, found a positive association between the performance of banks and product diversification strategies. Kang, Lee and Huh (2014) conducted a study on the impact of product diversification on firm execution and complementarities between goods in US gambling clubs. The outcomes uncovered that expenses and advantages from product diversification could be reliant on such factors as the kind of expansion and the business structure. Constable and McCormick (1987) noted that one of the managerial contingencies that is assumed to be contributing positively to the economic performance of organizations is the degree of diversification. Some of the specific evidence available from research on diversification shows that profitability increases with diversity but only up to the limit of complexity (Benito, 2003). Results from other studies suggest that the management of the process of diversification may be a more important influence on performance than the type or mode of diversification itself (Bartlett & Ghoshal, 2009).

The relationship between diversification and organizational performance has been a subject of abundant research in several fields. However, many researchers concur on the fact that there is no agreement on the precise nature of the relationship between diversification and performance (Cardinal & Miller, 2000). Ojo (2009) examined the impact of corporate diversification on firm performance in selected Nigerian companies. He found out that geographical diversification impacted on performance of the companies positively. Sije and Oloko (2013) explain conceptually and provide evidence that no relationship exist between diversification and performance. Due to these contradictory results, there was need for further research. The impact of diversification on organizational performance has not received adequate research attention in developing countries (Ojo, 2009).

Machuki (2012) focused on the relationship between organic growth strategies employed by firms and the performance of firms in the banking industry in Kenya. He considered strategies such as market development, product development and innovation. He found out that there was a significant relationship between growth strategies and bank performance. Further, the study found that strategy implementation conditions needed for the execution of each strategy partly mediated the relationship between growth strategies and bank performance.

A study by Denis, Denis, and Yost (2002) on global diversification, industrial diversification, and firm value, established a positive direct connection amongst growth strategies and performance while that of Gonenc and Aybar (2006) on financial crisis and firm performance in Turkey, found a weak evidence for a positive relationship between growth strategies and organizational performance in modern firms in Turkey.

The studies reviewed were conducted on growth strategies and organization performance has mostly been done using different methodologies such as stratified sampling methods, while the current study adopted judgmental sampling techniques.

2.4 Research Gap

The studies by (Paul & Ivo, 2013; Muthengi, 2015; Mboga, 2013&Harzing, 2010) on market penetration strategy and organizational performance as reviewed were based in different sectors such as the banking and manufacturing sectors while the current study focused on the higher education sector. Whereas studies by (Kotler, 2013; Geroski, Machin &Reenen, 2013; Clark & Fujimoto, 2014; Clark & Fujimoto, 2014; & Govindarajan, 2013) focused on product development in the UK, USA and Nigeria, this study focused on growth strategies in public universities in Kenya. While some studies by (McCarthy et al., 2014&Mutia (2013) focused on the influence of growth strategies on the financial performance in the banking sector adopting a financial measure of performance, the current study focused on growth strategies on performance of public universities with a bias on the customer perspective, a non-financial measure of performance from the balanced scorecard measurement approach. The studies by (Cotugno & Stefanelli, 2012; Kang, Lee & Huh, 2014; Ojo, 2009; Machuki, 2012; Denis, Denis, & Yost, 2002; Gonenc & Aybar, 2006) reviewed on diversification strategy were conducted on growth strategies and organization performance were carried out using different methodologies such as stratified sampling methods and purposeful logic sampling, the current study adopted judgmental sampling techniques. This study thus sought to investigate this occurrence and find out if adoption of Ansoff's growth strategies may result in improved performance in the higher education sector in Kenya.

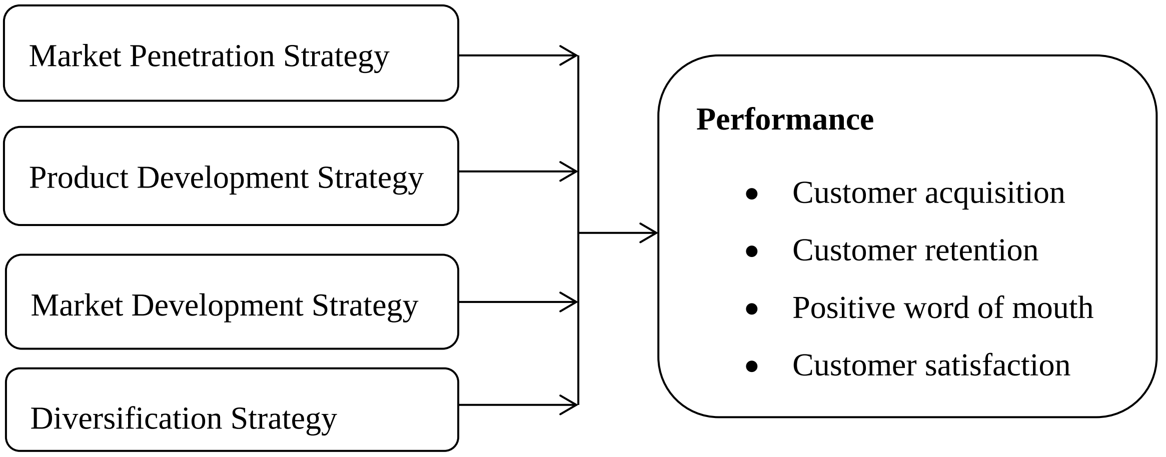
2.5 Conceptual Framework

The conceptual framework below demonstrates the link of the study variables. The independent variables being the growth strategies suggested by Ansoff (1957) namely: market penetration, product development, market development and diversification. The dependent variable is organizational performance which was measured through the balance scorecard performance measurement approach with a bias on a non-financial performance indicator of customer perspective. They include; customer acquisition, customer retention, positive word of mouth and customer satisfaction.

Figure 2.1: Conceptual Framework

Independent Variables **Dependent Variable**

Growth strategies



Source: Researcher, (2019)

2.6 Operationalization of Variables

The main area of focus in this study is the influence of growth strategies on performance of public universities in Kenya. Performance indicators are derived from the balance scorecard measurement - customer perspective and they include customer acquisition, customer retention, positive word of mouth and customer satisfaction. This is presented in Table 2.1

Table 2.1: Operationalization of Variables

General Variable	Specific Variable Type	Variable Indicators	Measurement of the variables	Supporting Literature
Dependent Variable	Organizational Performance	• Customer acquisition. • Customer retention. • Positive word of mouth. • Customer satisfaction.	• Likert Scale 1=Strongly disagree 2 = Disagree 3 = Undecided 4 = Agree 5 = strongly agree	• (Raelin, 2013). • (Ramarapu & Lado 2015). • Ansoff, (1957)
Independent Variable	Market penetration strategy	• New marketing channels • Intensity of marketing in each channel • Increasing advertising expenditure • Improving product/service quality • Setting the right market prices	• Likert Scale 1=Strongly disagree 2= Disagree 3= Undecided 4 = Agree 5 = strongly agree	• Mboga (2013) • Harzing (2010) • Ansoff, (1957)
	Product development strategy	• New technology • Innovation capability • Product line extension • Product replacement • Product/Process innovation	• Likert Scale	• Boone, (2013). • Kotler (2013)
	Market development strategy	• New demographic segments • New institutional users • Introducing new geographies(Opening branches).	• Likert Scale	• McCarthy, (2014) • Ansoff, (1957)
	Diversification strategy	• New markets • New products • New technology • New skills	• Likert Scale	• Cotugnoand Stefanelli (2012) • Ansoff, (1957)

Researcher, (2019)

2.7 Chapter Summary

This section covered a summary of the literature review and the conceptual framework. The studies highlighted on the theoretical framework included the Ansoff growth-vector matrix, resource based view theory and the structure-conduct-performance framework. The models have different views in regards to the relationship between growth strategies and organizational performance. For instance the Ansoff growth Vector Matrix outlined four distinct strategies: market penetration, product development, market development and diversification and it holds that business owners can evaluate each of the growth strategies in turn to assess which is likely to result in the best possible return. This model therefore links the growth strategies to performance. The resource based view theory has more relevance in the study by linking its growth to internal organizational endowment. While the structure-conduct-performance framework helps to connect observable structural characteristics of a market to the behavior of firms within that market which determines measurable performance (Bain, 1951). Ansoff (1957) posits that for investments to pay off it has to add value and generate sales in excess of its costs, to achieve this, the company needs a growth strategy. The chapter also highlighted on different growth strategies and the relationship with organization performance. It also focused on the previous studies done by other researchers and from the findings established that there were limited studies done relating to the effect of growth strategies on performance of public universities in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section begins by outlining how the research was conducted and the primary motive for the chosen procedure.

3.2 Research Design

Dooley, (2014) defines research design as the scheme, outline or plan that is used to generate answers to research problems. This study adopted a cross sectional survey research design that involved the total population (census). The cross sectional survey design was used because of the comparative analysis across the public universities in Kenya. The cross sectional survey helped to prove and/or disprove assumptions. Cross-sectional survey research involves the use of structured questionnaires and/or statistical surveys to gather data about people and their thoughts and behavior (Cooper, 2001). The study sought to articulate the nature of the various growth strategies employed in the study area and how the same influences organizational performance of public universities in Kenya.

3.3 Population of the Study

According to Barney (2012), a population is any entire group with no less than one trademark in like manner. Populations are not simply people. Population may comprise of, however are not restricted to, people, creatures, organizations, structures, engine vehicles, ranches, articles or occasions. The target population was drawn from the 33 public universities in Kenya (CUE, 2018). The choice of the public universities in Kenya was attributed to the current stiff competition in the higher education sector and the limited funding from the government hence the need to rethink strategy in order to cope with the dynamic environment they operate in.

3.4 Sampling Design

Sampling design is defined as a work plan that specifies the population frame, sample size, sample selection, and estimation method in detail (Kothari, 2014). This study adopted judgmental sampling technique, as it is the most effective when a limited number of individuals possess the trait that a researcher is interested in.

Judgmental sampling technique is also said to provide more accurate results (Battaglia, 2013).

The respondents were selected from the marketing, finance and administration, planning and strategy departments of the 33institutions. 2 respondents proportionately from each of the 3 selected departments making it 6 respondents from each university. The choice of 2 respondents will reduce biasness in information gathered.6 respondents from 33 universities made a total sample size of 198 respondents who participated in the study. The respondents were deemed to have the knowledge that the study sought.

3.5 Data Collection Methods

The researcher used primary data to accomplish the research objectives. Robson, (2013) established that questionnaires are an imperative instrument for research study for information accumulation. Primary data was collected by the respondents self-administration with the aid of the researcher who collected the questionnaires thereafter in a routine where the questionnaires were delivered to the respondents and later on picked after the respondents had filled. The use of questionnaire is considered the most appropriate data collection instrument in this study because it maintains consistency in all the respondents. The questionnaire contained 3 parts, A, B and C. Part A provided general information about the university, part B involved the relationship between growth strategies and organization performance and part C focused on organizational performance.

3.6 Data Analysis

The researcher used descriptive statistics, regression analysis and correlation analysis. Data analysis is a procedure of performing various statistical operations. It is a kind of quantitative research, which seeks to quantify the data, and typically, applies some form of statistical analysis. Quantitative data basically involves descriptive data, such as survey data and observational data (Battaglia, 2013). Descriptive statistics was used to determine the extent to which market penetration, product development, market development, and diversification strategies had been adopted in public universities in Kenya.

The collected data was edited and coded using numbers corresponding to each answer of the questions. Coding was done by assigning numerals or other symbols to the categories or responses. For each question a coding scheme was designed on the basis of the categories. The coding schemes with their assigned symbols together with specific coding instructions were assembled to identify a specific item of variable/observation and the code number assigned to each category of that item. The data was then transferred to the computer. Editing involved scrutinizing the completed research instruments to identify and minimize, as far as possible, errors, incompleteness, misclassification and gaps in the information obtained from the respondents.

This study analyzed data by use of measures of central tendency and measures of dispersion such as the mean and standard deviation. All the five objectives of the study were analyzed through inferential statistics, which involved regression analysis that produced the Analysis of Variance (ANOVA) with the aid of SPSS Mac version 22. Finally, correlation analysis was carried out to show the relationship between the independent and the dependent variables of the study. The findings of the research were presented using frequency distribution tables to clarify research findings. The model consisted of five variables; independent variables included; market penetration, product development, market development and diversification strategies. The dependent variable involved organizational performance metrics including customer acquisition, customer retention, positive word of mouth and customer satisfaction.

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where

Y =Organizational Performance of public universities in Kenya.

β_1 = Constant Term

β_1, β_2, β_3, β_4= Beta Coefficients

X_1 = Market penetration strategy

X_2 = Product development strategy

X_3 = Market development strategy

X_4=Diversification strategy

ε = Error Term

3.7 Research Quality

To ensure research quality both reliability and validity tests were done in the study.

3.7.1 Reliability Tests

The reliability of the research is evaluated by considering at the level by which comparable results could be obtained if the research techniques were applied by another researcher. It is required that the findings out to be similar to the ones that would be obtained from another researcher with similar procedures (Saunders et al, 2012). The quality of research undertakings calls for high validity and reliability. Cronbach alpha is used for consistency. Reliability co-efficient (Cronbach alpha) of 0.7 or above for every one of the variables was viewed as satisfactory for this investigation. The satisfactory dependability coefficient is 0.7 or more (Guion, 2013).

Table 3. 1: Reliability Analysis

	Alpha value	Comments
Market Penetration	0.777	Reliable
Product Development	0.812	Reliable
Market Development	0.725	Reliable
Diversification	0.754	Reliable
Organization performance	0.775	Reliable

Market penetration had a coefficient of 0.777, product development had a coefficient of 0.812, market development had a coefficient of 0.725, diversification had a coefficient of 0.754 and organization performance had a coefficient of 0.754. The findings in Table 3.2 illustrates that dependability surpassed the endorsed limit of 0.7.

3.7.2 Validity of the Study

Validity describes how the research method fully measures what it is intended to measure (Guion, 2013).For content validation, questionnaires were subjected to pilot testing to correct weaknesses regarding the design of the instrument. A sample of 10% of the sample size (20 individuals) from the administration department was used. The respondents were asked for response on the questions and the time necessary for completion. Content legitimacy draws an induction from test scores to a huge area of things like those on the test. Content legitimacy deals with sample populace representativeness. The key issue of center when taking validity is to judge if the tools obtain the essential data.

3.8 Ethical Considerations

The research adopted strict privacy and ethical stance. First, the researcher applied for research permits from Strathmore University and NACOSTI for ethical review approval. Secondly, the researcher collaborated with the respondents' administrative and human resource departments to pursue authorization to conduct the survey in the respondents' locations. This facilitated the data collection process based on clear rules, guidelines and ethical considerations of the respective public universities under study. An introductory letter from Strathmore University which describes the researcher's full name, institute of study and the purpose of the investigation was attached to the research questionnaire.

The researcher also sought the respondent's audience through their consent. This ensured respondents' privacy on information sought was well considered in the research process. The researcher disclosed to the respondents the true purpose of the research in order for them to make a knowledgeable consent decision. The researcher ensured that the questionnaire did not cover unnecessary private information that would be of no value to the study.

CHAPTER FOUR

DATA ANALYSIS, RESEARCH FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the research findings. It is presented under subheadings; response rate, general information, influence of the strategies on performance of public universities in Kenya.

4.1.1 Response Rate

The study was conducted in a sample population of 198 staff from the 33 public universities. The response rate was 75.3% as 149 respondents out of the 198 were responsive. Babbie (2004), opines that a response rate of 50% is adequate, 60% is good and 70% and above is very good. This response rate (75.3%) is therefore considered adequate for the analysis. The non-response rate of 24.7% was attributed to lack of cooperation in some public universities in filling the questionnaire even though an introductory letter accompanied it from Strathmore University on the purpose of the study.

This is presented in Table 4.1

Table 4. 1: Response Rate

	Frequency	Percentage
Questionnaires completed	149	75.3
Questionnaires incomplete	49	24.7
Questionnaires distributed	198	100

Researcher (2019)

4.2 General Information

This section provides the findings of information including the enrolment rate, period of operation of the universities and respondents' departments.

4.2.1 Students Increase/Decrease Between Years 2015 - 2018

The study sought universities performance in terms of student enrolment. The respondents were requested to indicate whether the number of the students had increased or decreased from 2015 to 2018. The findings were as presented in Table 4.2

Table 4. 2: Students' Increase/Decrease Between Years 2015 - 2018

	Frequency	Percentage
Increased	143	96.0
Decreased	6	4.0
Total	**149**	**100.0**

Researcher (2019)

From the findings, it was evident that the students had increased from 2015-2018 as indicated by almost all the respondents (96%). This shows the number of students had generally increased across all the public universities in the span of the three years.

4.2.2 Operation Period

The study further pursued the period under which the universities had been in operation.

Table 4.3: Period of Operation

	Frequency	Percentage
6 – 10 Years	33	22.1
Above 10 years	116	77.9
Total	**149**	**100.0**

Researcher (2019)

As presented in Table 4.3, a greater majority of the respondents (77.9%) had been in operation for a period of above 10 years while a few (22.1%) indicated that the university they worked for had been in operation for between 6-10 years. This implies that most of the public universities have been in existence for 10 years and above.

4.2.3 Respondent's Department

The study requested the respondents to indicate their respective departments and responded as shown.

Table 4. 4: Departments

Department	Frequency	Percentage
Marketing department	48	32.2
Planning and strategy department	51	34.2
Finance and administration department	50	33.6
Total	149	100.0

Researcher (2019)

The findings show that 34.2% of the respondents were from planning and strategy department, 33.6% were from finance and administration department while 33.2% were from marketing department. The findings demonstrate that the respondents were adequately distributed across the targeted departments.

4.3 Influence of Market Penetration strategy on the Performance of public universities in Kenya

The participants were requested to show the levels of agreement with the attributes below about market penetration strategy and its influence on performance.

Table 4. 5: Statements on Market Penetration Strategy

Statements	N	Mean	Std. Deviation
There is consistent use of advertising initiatives and new marketing channels such as open day, public lectures, research and development in the university as a way of acquiring more customers/students.	149	3.906	0.597
There is deliberate effort made in improving product/service quality through innovation and research and development initiatives to ensure customer satisfaction.	149	3.866	0.827
The university allows setting of competitive fees structures to attract more students.	149	3.926	0.959
There is increased advertising expenditure to ensure the university services/products are promoted adequately.	149	4.027	0.915

Researcher (2019)

The results uncovered that a larger part of the respondents concurred that there is increased advertising expenditure to ensure the university services/products are promoted adequately as exposed by a mean of 4.027 and that the university allows setting of competitive fee structures to attract more students as illustrated by a mean of 3.926. The respondents further agreed that there is consistent use of advertising initiatives and new marketing channels such as open day, public lectures, research and development in the university as a way of acquiring more customers/students as demonstrated by a mean of 3.906, there is deliberate effort made in improving product/service quality through innovation and research and development initiatives to ensure customer satisfaction as shown by a mean of 3.866.

The study further sought to find out other as aspects of market penetration strategy by the public universities. The respondents indicated that the universities recruited more students in the existing courses and modules provided. The universities are also advertising through social media to reach out to the vast social media users.

The findings imply that the public universities in Kenya in a bid to enhance their performance have embraced market penetration strategy. This has been done through increasing their advertisement expenditure, adopting new marketing channels and allowing competitive fee structures.

4.4 Influence of Product Development strategy on the Performance of public universities in Kenya

The participants were requested to demonstrate their level of concurrence on statements about product development strategy in their institutions and its influence on performance. The replies were as presented.

Table 4. 6: Statements on Product Development Strategy

Statements	N	Mean	Std. Deviation
There is streamlined development of new technology on products/services in all functions of the university in order to retain the university's customers.	149	3.893	0.764
Our organizational structure is superior in terms of specialization and innovation capability as an effort to satisfy existing and new customers.	149	3.906	0.747
The university has established product line extension on programs to improve customer retention.	149	3.940	0.816
The university has product replacement programs such as distance learning and virtual leaning to reach out to distance students and as a result acquire and retain and satisfy both local and international customers.	149	3.987	0.716
The university has process innovation through parallel-programs that promotes customer acquisition.	149	4.013	0.657

Researcher (2019)

A superior portion of the participants concurred that the universities have process innovation through parallel-programs that promotes customer acquisition as illustrated by a mean of 4.013, the universities have product replacement programs such as distance learning and virtual leaning in a bid to reach distance students and as a result acquire, retain and satisfy both local and international customers as shown by a mean of 3.987, the universities have established product line extension on programs to improve customer retention as illustrated by a mean of 3.940. The respondents also agreed that their organizational structure is competitive in terms of specialization and innovation capability as an effort to satisfy existing and new customers as shown by a mean of 3.906. Finally, that there is streamlined development of new technology on products/services in all functions of the universities in order to retain the universities' customers as illustrated by a mean of 3.893.

The study requested the participants to indicate any other ways that the institutions use product development strategy. The respondents indicated that other aspects of product development in the universities include recruiting new students in new modules and courses. It is evident that the public universities in Kenya in a bid to enhance their performance have embraced Product development strategy. It has been embraced through initiatives such as process innovations, offering distance and virtual learning and developing new technology in the universities.

4.5 Influence of Market Development strategy on the Performance of public universities in Kenya

The participants were requested to show their concurrence levels on market development strategy and its influence on performance.

Table 4. 7: Statements on Market Development Strategy

Statements	N	Mean	Std. Deviation
There are enhanced tasks of developing new demographic segments in other counties in the country and region in order to acquire more customers and increase market share.	149	3.772	0.627
Our top management encourages new institutional users promoting its new products and services through advertising to increase customer acquisition.	149	3.987	0.688
The university has collaborated with middle level collages in opening branches to improve customer retention.	149	3.893	0.886
The university has established academic exchange programs with international universities for boosting positive word of mouth.	149	3.027	0.830
The university has campuses across the counties to improve on customer acquisition.	149	4.047	0.825

Researcher (2019)

The findings show that majority of the participants concurred that the universities have campuses across the counties to improve on customer acquisition (M=4.047, Std. Deviation= 0.825) and that their top management encourages new institutional users promoting its new products and services through advertising to increase customer acquisition (3.987, Std. Deviation= 0.688).

The respondents also agreed that the universities have collaborated with middle level collages in opening branches to improve customer retention (M=3.893, Std. Deviation=0.886) and that there are enhanced tasks of developing new demographic segments in other counties in the country and region in order to acquire more customers and increase market share (M= 3.772, Std. Deviation= 0.627). The respondents were neutral on the statement that the universities have established academic exchange programs with international universities for boosting positive word of mouth (M= 4.027, Std. Deviation= 0.830). Participants further demonstrated that the universities needed to expand the existing courses and learning modules to non-traditional learners, new dynamic learners and groups.

The outcome of the study suggests that the public universities in Kenya have embraced market development as a strategy to enhance their performance. This has been done through means such as establishment of campuses in different regions in the country and region.

4.6 Influence of Diversification strategy on the Performance of public universities in Kenya

The participants were requested to show their concurrence levels on diversification strategy and its influence on performance.

Table 4. 8: Statements on Diversification Strategy

Statements	N	Mean	Std. Deviation
There is consistent use of modern technologies in reaching out to new markets to increase customer acquisition for the university.	149	3.893	0.649
New academic programs have been established based on industry needs in order to acquire more customers.	149	3.933	0.704
Flexible virtual programs have been established to improve on accessibility and increase customer retention.	149	3.987	0.771
The university has acquired specialized skills to serve in the diversified projects to promote positive word of mouth.	149	4.034	0.721
The university has established other lucrative cash generating activities and institutions that boost customer acquisition and retention.	149	4.027	0.753

Researcher (2019)

A greater part of the respondents concurred that the universities have acquired specialized skills to serve in the diversified projects to promote positive word of mouth as illustrated by a mean of 4.034. The universities have established other lucrative cash generating activities and institutions that boost customer acquisition and retention as shown by a mean of 4.027. Flexible virtual programs have been established to improve on accessibility and increase customer retention as shown by a mean of 3.987, new academic programs have been established based on industry needs in order to acquire more customers as shown by a mean of 3.933. There is also consistent use of modern technologies in reaching out to new markets to increase customer acquisition for the universities as demonstrated by a mean of 3.893. The respondents further noted that the universities adopt diversification strategy by developing new courses depending on the need in the market as well as new modules of learning.

The results imply that public universities in Kenya have embraced diversification strategy. The universities have established other lucrative cash generating activities that boost customer acquisition and retention as well as acquiring specialized skills to serve in the diversified projects to promote positive word of mouth.

4.7 Summary of Mean Scores

The outcomes of the study reveal that diversification had the highest mean score of 3.975, followed by product development at 3.948 then market penetration with 3.931 and lastly product development with a mean score of 3.745. This shows that participants agreed with the aspects of the four growth strategies in relation to performance of public universities.

Table 4. 9:Summary of Mean Scores

	Mean	**Standard deviation**
Market penetration	3.931	0.825
Product development	3.948	0.740
Market development	3.745	0.771
Diversification	3.975	0.720

Researcher (2019)

4.8 Organizational Performance

The study requested the respondent's to show their concurrence levels on statements regarding organizational performance and the influence of growth strategies thereof.

Table 4. 10: Statements on Organizational Performance

Statements	N	Mean	Std. Deviation
Customer acquisition for the university has been enhanced by increasing advertising expenditure	149	4.00	0.668
Customer retention has been has been enhanced by university through development of new products and services	149	4.040	0.580
The university service quality index is well maintained through customer satisfaction mechanisms.	149	4.121	0.716
There is improved customer acquisition due to expansion into new geographical market segments.	149	4.175	0.760
There is increased positive word of mouth due to product replacement and product improvement initiatives.	149	4.094	0.774
Valid N (list wise)	149		

Researcher (2019)

From the study findings, greater part of the respondents concurred that there is improved customer acquisition due to expansion into new geographical market segments as shown by a mean of 4.175. The universities service quality index is well maintained through customer satisfaction mechanisms as shown by a mean of 4.121. There is increased positive word of mouth due to product replacement and product improvement initiatives as demonstrated by a mean of 4.094. Customer retention has been enhanced by the universities through development of new products and services as illustrated by a mean of 4.040. It is evident that increasing advertising expenditure as demonstrated by a mean of 4.00 has enhanced customer acquisition for the universities.

4.9 Inferential Statistics

Correlation and regression analysis were conducted to check on the relationships between the variables.

4.9.1 Correlation Analysis

The investigation did relationship examination between the factors of the investigation. Relationship coefficient was utilized.

Table 4. 11: Correlations

Organizational performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	149				
Market penetration	Pearson Correlation	.742**	1			
	Sig. (2-tailed)	.000				
	N	149	149			
Product development	Pearson Correlation	.765**	.817**	1		
	Sig. (2-tailed)	.000	.000			
	N	149	149	149		
Market development	Pearson Correlation	.608**	.603**	.593**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	149	149	149	149	
Diversification	Pearson Correlation	.804**	.682**	.727**	.580**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	149	149	149	149	149
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Researcher (2019)

From the outcomes of this research, it portrayed that a strong, positive relationship existed between organizational performance and market penetration as indicated by the value of 0.742, which is significant as its significance level was 0.00<0.05. There was also a strong and positive relationship between organizational performance and product development as indicated by the value of 0.765, the significant level value was 0.000 and hence significant as it is below 0.05.

There existed a strong positive relationship between organizational performance and market development as indicated by the correlation value of 0.608 and was termed significant at the value of 0.00 which was below 0.05. There was also a strong positive relationship between organizational performance and diversification as indicated by the correlation value of 0.804 and was termed significant at the value of 0.00 which was below 0.05.

4.9.2 Regression Analysis

Table 4. 12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.858[a]	0.736	0.729	1.46237

a. Predictors: (Constant), market penetration, product development, market development and diversification

Source: Researcher (2019)

The coefficient of determination (R2) shows the proportion of the variance in the dependent variable that is predictable from the independent variable. An R square value of .736 signified that the independent variables in the model offered 73.6% explanation of the variance in the dependent variable (organization performance). The R square value of .736 indicated that 26.4% variance in the organizational performance of public universities in Kenya is explained by other factors that were not factored in the study.

The research examined the model's significance through application of Analysis of Variance (ANOVA) method. The outcomes are illustrated below.

Table 4. 13: ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	860.562	4	215.141	100.602	0.000[b]
Residual	307.948	144	2.139		
Total	1168.510	148			

a. Dependent Variable

b. Predictors

Source: Researcher (2019)

According to ANOVA, the research found the regression model as having a 0.000 significance level that indicated the suitability of the data in coming up with conclusions regarding the parameters of the population as p< 5%. The results of the study imply that market penetration strategy, product development strategy, market development strategy and diversification strategy are significant predictors at explaining the public universities performance and that the model is significantly fit at 5% level of significance.

Table 4. 14: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.176	0.324		6.71	0.000
Market Penetration	0.092	0.022	0.013	4.18	0.000
Product Development	0.101	0.025	0.083	4.04	0.002
Market Development	0.089	0.021	0.071	4.24	0.001
Diversification	0.132	0.032	0.097	4.12	0.001

$Y= 2.176+ 0.092X_1 + 0.101X_2 + 0.089X_3 +0.132X_4 +\varepsilon$

Source: Researcher (2019)

As seen from the regression model, an additional unit in market penetration would result to a 0.092 rise in organizational performance; a unit change in product development will promote organizational performance by 0.101. An additional unit of market development would lead to an increase in organizational performance by 0.089.A unit change in diversification would lead to an increase in organizational performance of public universities by 0.132 and vice versa. A significance level of 5% was used in the analysis. The technique used for comparison of significance of the predictor variables was by comparing the value of probability and $\alpha=0.05$.If $p< \alpha$, predictor variable was significant and vice versa. In the model, predictor variables had probabilities below 0.05 and were therefore significant since $\alpha=0.05$.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the findings, conclusions and recommendations done as per the study's specific objectives. In addition, recommendations as well as direction for future research as per the findings are also explained.

The study sought to establish the influence of growth strategies on the performance of public universities in Kenya. The specific objective was to establish the influence of market penetration strategy on the performance of public universities in Kenya, to determine the influence of product development on the performance of public universities in Kenya, to assess the influence of market development strategy on the performance of public universities in Kenya and finally to evaluate the influence of diversification strategy on the public universities performance.

5.2 Discussion of Findings

The findings on each of the variables have been discussed in this part.

5.2.1 Influence of Market Penetration strategy on Performance of public universities in Kenya

The findings established that a strong, positive relationship existed between market penetration strategy and organizational performance. The findings were consistent with that of Paul and Ivo (2013) who found that there is a relationship between pricing strategies, price setting and organization performance through customer acquisition. Consistently, Harzing (2010) stipulates that organizations use market penetration strategies to increase their market share. Similarly, Mboga (2013) found a correlation between market penetration tactics and quality of service to clients at KPLC.

Results of the current study show that the public universities that increased their advertising expenditure and improved their product and service quality improved their customer acquisition and satisfaction too. This study sought to establish if these implications are held true for public universities pursuing market penetration strategy. Based on the results of this study, market penetration strategy affects the public universities performance significantly since the fee structure setting is done by the government and is therefore attractive especially the regular or government sponsored students. However, the public universities set fee structures for the module 2 or the parallel module that earns the institutions extra income to be able to substitute the limited government capitation. This move ensures that overall organizational performance improves.

5.2.2 Influence of Product Development Strategy on Performance of public universities in Kenya.

The study proved that there was also a strong and positive relationship between product development strategy and organizational performance. Consistent to the findings, Clark and Fujimoto (2014) found that success in an improvement venture is controlled by a company's item procedure and by its abilities in by and large procedures and association. Correspondingly, Geroski, Machin and Reenen, (2013) also established that product development through innovation produced by firms had a positive effect on their operating profit margin. The findings were inconsistent to the findings of Njuguna (2013) who found inconsequential impact of product development strategy on the general financial performance of oil firms in Kenya.

The findings of the current study therefore alludes that if a firm innovates using its capabilities and replaces some of its old and outdated programs with virtual learning and/ or distance learning, they are likely to acquire more customers as well as satisfy those customers that cannot attend classes physically. It is hoped that by using new technology on products and services in all the functions of the universities, will help retain the universities customers. Product development strategy may be used to specialize and acquire targets that are less vulnerable to competition or where a competition is weakest to earn above-average return on investments.

5.2.3 Influence of Market Development Strategy on Performance of public universities in Kenya.

There existed a strong positive relationship between market development strategy and organizational performance. The findings agree with that of McCarthy et al. (2014) who found that companies struggle to attain performance through market development strategy to effect performance outcomes by considering unexplored market segments. Similarly Ansoff (1988) found that basing market development on products that are aligned to the key success element in a market is crucial. The findings also agree with that of McCarthy et al., (2014) who found that companies use market development strategy by reaching out new geographical regions.

The findings of the study seems to bring out that most of the public universities in Kenya have planted campuses in most of the cities across the country in order to acquire more customers. Secondly, they have advertised their products well and thereby increasing its customers. However, public universities have not quite embraced exchange programs with neither western universities nor local private universities to encourage positive word of mouth. This then is to make a recommendation to the public universities to embrace this strategy more in order to gain more from it.

5.2.4 Influence of Diversification Strategy on Performance of public universities in Kenya.

The study revealed that there was a strong positive relationship between diversification strategy and organizational performance. The findings were consistent to that of Cotugno and Stefanelli (2012) who found a positive association between the performance of banks and product diversification strategies. The findings also agree with Ojo (2009) who inspected the effect of corporate enhancement on firm execution in chose Nigerian organizations and discovered that diversifying affected on success of the organizations. The findings were however inconsistent with that of Gonenc and Aybar (2006) who found a weak relationship between diversification and organizational performance.

The study findings show that diversification strategy seems to have the most significant influence on the performance of public universities in Kenya. They seem to have established other lucrative cash generating activities within and outside their campuses, like hotels, restaurants, hospitals, petrol stations and bookshops. These activities seem to have boosted their customer acquisition, retention and positive word of mouth to potential customers. Secondly the universities have acquired specialized skills, technology and facilities to be able to deliver on these projects. This tends to communicate positively to both its existing and potential customers.

5.3 Conclusions

The study concludes that market penetration strategy has a positive influence on the performance of public universities. The universities have increased their advertising expenditure to ensure the university services are promoted adequately. Moreover there is consistent use of advertising initiatives and new marketing channels such as open day, public lectures, research and development in the university as well as social media advertising as a way of acquiring more students. Competitive fees structures are set to attract more students. To improve customer satisfaction, the universities have put efforts in improving product and service quality through innovation and research and development initiatives.

Secondly, product development strategy has a positive influence on the performance of public universities. Public universities have process innovation through parallel-programs that promote customer acquisition as well as product replacement programs such as distance learning and virtual leaning to reach out to distance students. This enables the universities to acquire, retain and satisfy both local and international customers. The universities have established product line extension to improve customer retention. Moreover, students are recruited in new modules and courses.

The study also concludes that market development strategy has a positive influence on the performance of public universities. Public universities have campuses across the counties to improve on customer acquisition. Their top managements encourage new institutional users by promoting their new products and services through advertising to increase customer acquisition. The universities have collaborated with middle level collages in opening branches to improve customer retention. There are enhanced tasks of developing new demographic segments in other counties in the country and region in order to acquire more customers and increase market share.

The study concludes that diversification strategy positively influences the performance of public universities in Kenya in a more significant way than the other strategies. The universities have acquired specialized skills to serve in the diversified projects to promote positive word of mouth. Boosting customer acquisition and retention has been done by establishment of other lucrative cash generating activities and institutions, establishment of flexible virtual programs and of new academic programs based on industry needs. There is also consistent use of modern technologies in reaching out to new markets to increase customer acquisition for the universities.

5.4 Recommendations

The study recommends that public universities reach out to more customers by being innovative in their modes of advertisement. Emphasis should be put on television, radio and social media advertising to attract more students.

The study established that organization structures have been a challenge to students. The study therefore recommends that the public universities ensure that their organization structure does not limit accessibility to its services or negatively affect customer satisfaction.

The study therefore recommends that public universities establish academic exchange programs with international universities to boost positive word of mouth as onlya few universities have established the exchange programs.

Public universities should continue implementing the diversification strategy by venturing into new projects and lucrative cash generating projects in order to upsurge customer satisfaction and attract more customers.

5.5 Areas for Further Studies

The study focused on determining the influence of growth strategies on organizational performance of public universities in Kenya. The study suggests that further studies may focus on the influence of growth strategies on organizational performance of sectors such as the manufacturing, agriculture, aviation and banking sectors in Kenya.

Future studies should focus on the influence of other growth strategies such as external growth strategies also known as integrative which include mergers, amalgamations, acquisitions takeovers and joint ventures. This study only focused on the internal growth strategies also known as intensive and narrowed down on the four Ansoff's growth strategies namely market penetration, product development, market development and diversification.

The study focused on the balanced scorecard measurement tool with a bias on the customer perspective from the balance scorecard approach on measurement of performance. Future studies may focus on other balance scorecard performance measures such as internal processes perspective, organizational capacity/learning and growth perspective or financial perspective.

The study only focused on public universities, however similar studies may be conducted focusing on private universities in Kenya or East Africa for comparability.

5.6 Limitations of the Study

The fear of unjustifiable treatment may have led to reduced information provision by certain participants. The researcher guaranteed the respondents of the discretion and demonstrable skill to which the data acquired would be dealt with. The investigation likewise dealt with the issue via conveying a presentation letter from the University.

The researcher experienced difficulties in the amount time spent getting back the questionnaires from the respondents since the information to be acquired had bases on ones sentiments, observations, feelings and mentalities which are difficult to check. Thus this would cause the response level to be low. Reassurance of the participants was key for this investigation.