EFFECTS OF COMPETITIVE ADVANTAGE ON ORGANIZATIONAL EFFECTIVENESS IN HIGHER EDUCATION INSTITUTIONS: A CASE OF KABARAK UNIVERSITY

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A RESEARCH PROPOSAL SUBMITTED TO THE SCHOOL OF BUSINESS FOR THE PARTIAL FULFILMENT FOR THE REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTIONS) OF KENYATTA UNIVERSITY

July 2015
DECLARATION

This proposal is my original work and has not been presented for a degree in any other university. No part of this work may be produced or transmitted in any other form without prior permission of the author or Kenyatta University.

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This proposal has been submitted to for examination with my approval as university supervisor

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DEDICATION

I dedicate this work to my family for their unconditional love and support throughout my study.
ACKNOWLEDGEMENT

I express my sincere gratitude to my supervisor Dr Abel Anyieni who has immensely contributed to this work. I also express my appreciation to the University staff, especially librarians and my classmates for their valued ideas.
Today competitiveness has permeated from local to global businesses of all sorts. Moreover, in recent years, almost all of the organizations, if not all are involved with some form of competition, if not for customers, then for gaining advantage on the utilization of scarce resources, strategic management has become the key critical factor to succeed in this endeavor. Higher education managers need to implement, sustainable strategies that can develop, enhance and sustain, competitive advantage. The purpose of this study is to examine how competitive strategies can be successfully developed and implemented in HEI’s, in this case, Kabarak University. The study will examine how HEIs formulate their competitive strategies by taking into account the influence of the external environment, build and exploit their internal resources, capabilities and routines to position their business in the higher education industry and use stakeholders to gain and sustain competitive advantage to achieve their desired market, organization effectiveness and success. The study will be guided by four theoretical approaches; the Porter's theories of competitiveness, the theory of the resources and capabilities (RBV), the Delta Model, and the Stakeholders theory. Further, the study will also seek to examine the organizational effectiveness of higher educational institutions (HEIs), and which should be seen as one of the response to the worldwide pressure higher educational establishments to provide evidence of effective performance (Pounder, 1997). Within this framework, research will be conducted with a view to: (i) identify the elements and indicators of competitive advantage as they apply specifically to private higher education institutions (PHEIs); (ii) analyze the types of strategies undertaken by PHEIs institutions to best fit with their internal and external environments; (iii) ascertain the major factors of external industry structure, internal resources, and institutional performance; (iv) examine the relationships between external industry structure, internal resources, and strategy types with institutional performance; and (v) develop components and indicators for organizational effectiveness and work out its measurements in the context of Kenya's PHEI. This research will seek to determine to what degree does the institutional effectiveness allow private HEIs to operate in a sustained manner over long period of time while meeting the needs of their stakeholders. The study will apply both descriptive and explanatory research design with a survey strategy. Simple random sampling technique will be used for this study where a comprehensive survey of the all population will be conducted of the entire University's senior administrative staff. Data will be collected using structured questionnaires and unstructured questionnaire. A pilot test will be conducted to test reliability of the research instruments. The data will be coded and analyzed using the SPSS for descriptive statistical analysis; means, frequencies, percentages and standard deviations and correlation analysis will be conducted to test the relationship between the variables. The results will be presented using tables accompanied by their associated interpretations.
TABLE OF CONTENTS

DECLARATION........................................................................................................................... ii
DEDICATION................................................................................................................................ iii
ACKNOWLEDGEMENT................................................................................................................ iv
ABSTRACT....................................................................................................................................... v
LIST OF FIGURES ........................................................................................................................ ix
LIST OF TABLES .......................................................................................................................... x
LIST OF APPENDICES.................................................................................................................. xi
LIST OF ABBREVIATIONS AND ACRONYMS ........................................................................ xii
DEFINITION OF TERMS.............................................................................................................. xiii
CHAPTER ONE .............................................................................................................................. 1
INTRODUCTION........................................................................................................................... 1
1.0 Background of the Study ........................................................................................................ 1
1.2 Statement of the Research Problem ...................................................................................... 15
1.3 Objectives of the Study ........................................................................................................ 16
1.4 Research Questions .............................................................................................................. 17
1.5 Research Purpose ................................................................................................................ 17
1.6 Significance of the study ..................................................................................................... 17
1.7 Scope of Study .................................................................................................................... 19
1.8 Limitations of the Study ..................................................................................................... 20
1.9 Assumptions of the Study ................................................................................................. 20
CHAPTER TWO .......................................................................................................................... 21
2.1 Introduction.......................................................................................................................... 21
2.2 Theoretical Framework ...................................................................................................... 24
    2.2.1 Porter's Theory of Competitiveness ........................................................................... 24
    2.2.2 Porter’s Generic Competitive Strategies .................................................................... 27
    2.2.3 Theory of the Resources and Capacities .................................................................... 28
    2.2.4 The Delta Model ........................................................................................................ 35
    2.2.5 The Stakeholders Management Theory ....................................................................... 40
    2.2.6 Driving Competitive Advantage with Talent Management ...................................... 41
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.7 Competitive Strategies Applied to HEIs</td>
<td>43</td>
</tr>
<tr>
<td>2.2.8 Theoretical Review of Organizational Effectiveness</td>
<td>45</td>
</tr>
<tr>
<td>2.2.8 Theoretical Studies of Organizational Effectiveness</td>
<td>45</td>
</tr>
<tr>
<td>2.3 Empirical Review</td>
<td>55</td>
</tr>
<tr>
<td>2.3.1 Major elements of external industry structure affecting organizational performance</td>
<td>55</td>
</tr>
<tr>
<td>2.3.2 Delta Model</td>
<td>58</td>
</tr>
<tr>
<td>2.3.3 Resources and Capabilities (RBV)</td>
<td>59</td>
</tr>
<tr>
<td>2.3.4 Organization Resources</td>
<td>60</td>
</tr>
<tr>
<td>2.3.5 Financial Resources</td>
<td>65</td>
</tr>
<tr>
<td>2.3.6 Physical Resources</td>
<td>66</td>
</tr>
<tr>
<td>2.3.7 Marketing Capabilities</td>
<td>69</td>
</tr>
<tr>
<td>2.3.8 Curriculum design &amp; Quality and R&amp;D capabilities</td>
<td>69</td>
</tr>
<tr>
<td>2.3.9 Student Performance</td>
<td>70</td>
</tr>
<tr>
<td>2.3.10 Employee Job Performance</td>
<td>70</td>
</tr>
<tr>
<td>2.3.11 Institution-level Performance</td>
<td>72</td>
</tr>
<tr>
<td>2.3.12 Stakeholders Engagement</td>
<td>72</td>
</tr>
<tr>
<td>2.3.13 Empirical Studies of Organizational Effectiveness</td>
<td>73</td>
</tr>
<tr>
<td>2.4 Summary of Literature and Research Gaps</td>
<td>80</td>
</tr>
<tr>
<td>2.5 Conceptual Framework</td>
<td>82</td>
</tr>
<tr>
<td>2.6 Summary of Reviewed Literature</td>
<td>83</td>
</tr>
<tr>
<td>2.7 Research Gaps</td>
<td>85</td>
</tr>
<tr>
<td>CHAPTER THREE</td>
<td>86</td>
</tr>
<tr>
<td>RESEARCH METHODOLOGY</td>
<td>86</td>
</tr>
<tr>
<td>3.0 Introduction</td>
<td>86</td>
</tr>
<tr>
<td>3.1 Research Design</td>
<td>86</td>
</tr>
<tr>
<td>3.2 Target Population</td>
<td>87</td>
</tr>
<tr>
<td>3.3 Sampling Design and Size</td>
<td>87</td>
</tr>
<tr>
<td>3.4 Research Instruments</td>
<td>88</td>
</tr>
<tr>
<td>3.5 Data Collection Procedure</td>
<td>88</td>
</tr>
<tr>
<td>3.5.1. Secondary Data</td>
<td>89</td>
</tr>
<tr>
<td>3.5.1. Primary Data</td>
<td>89</td>
</tr>
<tr>
<td>3.6 The Pilot Study</td>
<td>90</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Fig. 1.1: Strategy-adaptability-behavior model ................................................................. 7

Fig. 2.1: Porter's Five Forces ......................................................................................... 25

Fig. 2.2: Porter's generic competitive strategies ......................................................... 27

Fig. 2.3: Evolution of the RBV theory ........................................................................... 31

Fig. 2.4: Modified value chain for higher education institutions ................................. 33

Fig. 2.5: The RBV Analysis of the Firm ....................................................................... 34

Fig. 2.6: Identifying the competencies of an HEI ......................................................... 37

Fig. 2.7: Various characteristics of organizational effectiveness .............................. 36

Fig. 2.8: Overview of performance measures in organizations .................................. 36

Fig 2.9 Conceptual Framework ...................................................................................... 65
LIST OF TABLES

Table 2.1: Comparison among Strategy Framework .................................................. 39

Table 2.2: Interchangeable Words and Phrases for Organizational Effectiveness......... 50

Table 2.3: Indicators of Effectiveness in Schools. .................................................... 52

Table 2.4: Criteria and Data Collection Methods for Measuring Organizational Effectiveness in HEIs. ........................................................................................................ 74

Table 2.5: Factors influencing effectiveness in Public HEIs education institutions grouped by domain. .......................................................... 79

Table 3.1: Illustrates the sample size ................................................................. 88

Table 4.1: Work plan ......................................................................................... 93

Table 4.1: Budget ............................................................................................ 94
LIST OF APPENDICES

Appendix 1: Letter of Introduction ........................................................................................................ 91

Appendix II: Questionnaires for all Respondents .................................................................................. 92
LIST OF ABBREVIATIONS AND ACRONYMS

BSC – Balanced Scored Card
CA – Competitive Advantage
SCA – Sustainable Competitive Advantage
CSFs – Critical Success Factors
HEIs – Higher Education Institutions
HR – Human Resources
KPIs – Key Performance Indicators
LO – Learning Organization
MOOCs – Massive Open Online Courses
R&D – Research and Development
RBV – Resource-Based View
RDT – Resource Deployment Theory
TQM – Total Quality Management
VRIN – valuable, rare, imperfectly imitable and non-substitutable
ICT – Internet & Communication Technology
SPSS – Statistical Package for the Social Sciences
CUE – Commission for University Education
ROI – Return On Investment
AHP – Analytic hierarch Process (AHP) model
IO – Industrial Organization
LISREL – Linear Structural Relations
MO – Market Orientation
HTVE – Higher Technical Vocational Education
OE – Organizational Effectiveness
SMART – Specific, Measureable, Achievable, Relevant and Timely
DEFINITION OF TERMS

**Competitive Strategy** - Long-term action plan that is devised to help a company gain a competitive advantage over its rival. This type of strategy is often used in advertising campaigns by somehow discrediting the competition's product or service. Competitive strategies are essential to companies competing in markets that are heavily saturated with alternatives for consumers.

**Competitive Advantage** - An advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. There can be many types of competitive advantages including the firm's cost structure, product offerings, distribution network and customer support.

**Sustainable Competitive Advantage** - Sustainable competitive advantages are company assets, attributes, or abilities that are difficult to duplicate or exceed; and provide a superior or favorable long term position over competitors.

**Higher Education Institution** - education beyond the secondary level; especially education provided by a college or university
CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

By definition higher education seeks to impart in-depth knowledge and understanding so as to advance the students to new frontiers of knowledge in different walks of life (subject domains). It develops the student ability to question and seek truth and makes them competent to critique on contemporary issues. It broadens the intellectual powers of the individual within a narrow specialization, but also gives them a wider perspective of the world around (Barnett, 1992). In general, higher education is generally understood to cover teaching, research and extension, which is usually undertaken in colleges or universities. Scientific and technological advancement and economic growth of a country are as dependent on higher education as they are on the working class. Development of indigenous technologies and capabilities in R&D, agriculture, food security and other manufacturing industries are possible because of a country's world-class higher education infrastructure. Higher education also provides opportunities for lifelong learning, allowing people to upgrade their knowledge and skills from time to time based on societal needs (Sudha, 2013). In this context, higher education institutions (HEIs) have a significant role to play in a nation's wealth by fostering intellectual capital, economic growth, human capital development, and innovation in a 'knowledge intensive economy' (Ylojoki, 2013; Ylijoki & Ursin, 2013). Moreover, a country's global competitiveness and growth of the knowledge community depends on its population having a strong and sustainable higher educational sector (Mapesela & Hay, 2006; Van Heerden, Bohlmann, Giesecke, Makochekeanwa & Rose, 2007; Barkhuizen, 2014).

Today competitiveness has permeated from local to global businesses of all sorts. Moreover, in recent years, almost all of the organizations, if not all are involved with some form of competition, if not for customers, then for gaining advantage on the utilization of scarce resources (MacMillan and Jones 1984), and strategic management has become the key critical factor to succeed in this endeavor. Competitiveness is an interesting subject nowadays. With the current globalization of the markets, basically there is no sector where the competition has not
grown significantly (Campbell-Hunt 2000), also including the higher education; which is becoming a classic study of the transition from a benign, stable and non-competitive environment to a highly dynamic, unpredictable one. More-so, in the dawn of the 21st century, the future for all higher education establishments is a lot less certain, which complicates life to some of the world’s oldest universities that are hundreds of years old, and for much of that time they operated in a relatively unchanging less competitive manner. Moreover, the State, and to the extend, the society, have become increasingly demanding of the sector, which is currently viewed as critical to a country’s economic fortunes due to the emergence of the experiential age, i.e., the information society and knowledge as a critical competitive variable pushed through strategic management (Johnson and Yelland 2008; Fahy et al., 2009).

For being strategic for the nations, the higher education was the focus of great growth in the last couple of decades. In this context, the educational market went through dramatic changes and the competition among higher education institutions (HEIs) in world level settled down (Tam 2007), but of late it’s heating-up again. Furthermore, the shortage or lack of access to critical and talented academics has gone further to exacerbate things – especially in the global era where transnational flows of highly skilled individuals are increasing causing severe brain-drain to some developing nations like Kenya. This competition has brought consequences for all of the stakeholders connected to higher education. Moreover, in a global competitive environment, where rankings and positions on league tables are seen as key performance indicators, HEIs are under additional pressure to fulfill more and more roles in an effort to fight for a place in the global higher education marketplace (Altbach, 2008). In trying to compete, they are faced with several critical issues (Fahy et al., 2009). For instance, the students started to have more choices of options in the moment of accomplishing their professional formation. The universities have already felt the increment competition as facing HEI becoming international, virtual universities being created, corporate universities, originated in great private organizations, starting to look for more space in the market (Mintzberg e Rose, 2003).

Moreover, with the changes in the environment to HEI, coupled with a highly competitive market, it starts demanding a more professional and entrepreneurial management of this type of organization, including competences little developed previously: strategic management of the
resources and capabilities; the image before the society; students with appropriate preparation for the job market; locate and retain talented HR, performance evaluation, among others (Michael 2004). In Kenya this is coupled with increased numbers of HEIs, both public and private universities, and online degree offering international higher learning institutions, competing for the same students. To cope with these challenges, HEIs’ that are better equipped to respond to dynamic market requirements, and are prepared to make constant improvements in the efficiency and performance of their academic and administrative affairs, are expected to attain a competitive advantage and enhance their long-term sustainability, thus leading to sustainable competitive advantage (SCA) Huang (2012).

For example, the concept of performance management was mooted by the government of Kenya for effective and efficient achievement of set targets in the public service including public HEIs i.e., all public institutions are expected to set performance targets and indicators for their achievements through performance contracting. The performance management is a management practice that is used to describe the activities and methods of helping businesses, government agencies, and nonprofit organizations meet their goals in the most effective and efficient manner possible. But what does that actually mean? Performance management is simply a way to make an organization better. It is a holistic approach that combines an organization’s plans, activities, assessments and analyses with the goal of improving overall organizational effectiveness and efficiency.

The introduction of performance contracting in public universities in Kenya was an effort to institute a framework of accountability and enhance competitive service delivery in the entire public sector in Kenya. Though difficult and challenging to implement, performance contracting was expected to lead to higher levels of performance through periodic monitoring and evaluation of performance targets (Nganyi et al., 2014). The performance contracting was not only targeted for improved service delivery but also to refocus the mindset of public service away from a culture of inward looking to towards a culture of business as focused on customer requirements and results. More-so, the push factor for introduction of performance contracting in Kenya underlies the assumption that institution of performance measurements, clarification of corporate objectives, customer orientation and an increased focus towards incremental productivity and
cost reduction can lead to improvements in quality and competitive service delivery (GOK 2003). However, this has not been the case (Wambua, 2014). Performance contracting as also similarly found its way into private HEIs, and this study will seek to determine how effective its implementation, if any, has brought any quality enhancement to such institutions.

Other factors that, higher education managers can implement, and which can enhance competitive advantage are: Learning Organization (LO), a concept in which people within the organization continually expand their capacity and capability to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together. The basic rationale for such organizations is that in situations of rapid change only those that are flexible, adaptive and productive will excel, and thus gain and sustain competitive advantage. For this to happen, it is argued, organizations need to ‘discover how to tap people’s commitment and capacity to learn at all levels’ – a key critical parameter within the higher education environment (Senge et al., 1994). Similarly, when is said and done, the organization needs to implement and maintain TQM (total quality management) standards with a look at the key critical factors touching on the higher education institutions (Sudha, 2013). In general, the TQM is achieved and becomes part of the overall organizational culture when the five principles – produce quality work the first time, focus on the customer, have a strategic approach to improvement, improve continuously and encourage mutual respect and teamwork – are practiced by all employees. This should be geared towards producing job market ready students with current emerging industries' skills. Once this is all achieved, the organization can create a barrier to protect it from other competitors. Locating & retaining talented academic staff is another key component to gaining sustaining competitive advantage against competitors. For example, in Kenya accessing talented field in areas like ICT, Engineering, Medicine, Business; is at most non-existent, and therefore, universities may need to resort to either higher compensation for the few available locally or resort to acquiring foreign faculties, which at the moment for private universities, the government has made much more difficult by charging higher work permit fees.

Knowledge management, another key critical factor in HEI, is an on-going process that involves varied activities: diagnosis, design, and implementation of knowledge creation, knowledge
transfer, and knowledge sharing. The primary goal of knowledge management, like other management theories or models, is to identify and leverage organizational and individual knowledge for the organization and its members to perform better and, consequently, sustain competitive advantage. Muller et al., (2007) states that we have entered the information age, in which knowledge has become "a commodity that can be manufactured, bought, and sold". The information age, with the end of the Cold War, "seems to be on the road toward a single global marketplace of ideas, data, and communication". He comes to the conclusion that "knowledge as an understanding is the province of the university, and as of now knowledge has outrun understanding by far."

At this point, we can state that a set of organizations who act in one same segment and possess similar profiles, characteristics and products or services, as is the case of the HEI, consist in a competitive strategic group. Competitive advantages appear for a HEI to fight its direct competitors (Ferguson, Deephouse and Ferguson, 2000). Despite the fact that a university is very different type of a typical business organization, its behavior, in the current environment, must contain a business strategic management (Mintzberg and Rose, 2003). In other words, this actual competitiveness forces the HEI to elaborate its innovative competitive strategies with the purpose of capturing, gaining and retaining customers in guaranteeing or enlarging its participation and survival in the market. Considering that the core business of an HEI is the academic teaching and research – the use of explicit competitive strategies, formalized and appropriated – is expected to aid these institutions in the segmentation and positioning adapted to the targeted market-objective (Tonks and Farr, 1995).

In almost all variants of the definition of the concept of competitiveness and competitive advantage are based on the organizations' ability to look at its internal capabilities and the external factors affecting the organization. For example, business oriented analysis based on a resource based platform may use the following factors for the analysis of the firm's competitive advantages (Wickham, 2001; Ajitabh and Momaya, 2004): Costs–Importance of price to customers, suppliers and distributors and the extent of demand elasticity; Knowledge–Stage of industrial life cycle, Common or localized knowledge. Tacit or codified knowledge; Relationships–building links with customers, suppliers and distributors, position in network and
relative power; *Organization*—Creation of organizational appropriate structures. Ability to respond to market signals. Leadership styles (Delegation or centralization). Moreover, if we go further into the human resource model, the development of expertise gives the organization special competitive advantage, because such expertise is impossible or provides competitors little opportunities to imitate or to substitute (Westeren, 2011).

However, in the classic strategy model, competitive advantages are obtained from the combination of external and internal factors (opportunities and applied forces against threats and weaknesses). Strategic managers and researchers have long been interested in understanding sources of competitive advantage for firms. Traditionally, this effort has focused on the relationship between an organization's environmental opportunities and threats on the one hand, and its internal strengths and weaknesses on the other. Summarized in what has come to be known as SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, this traditional logic, suggests that organization that use their internal strengths in exploiting environmental opportunities and neutralizing environmental threats, while avoiding internal weaknesses, are more likely to gain competitive advantages than other kinds of organizations (Learned, Christiansen, Andrews and Guth, 1969). However, the SWOT framework tells us that environmental analysis – no matter how rigorous – is only half the story. A complete understanding of sources of competitive advantage requires the analysis of a firm's internal strengths and weaknesses as well (Penrose 1959). Moreover, it is necessary to consider that the competition is a complex and dynamic situation. After all, the strategic choices and behavior of the managers and how effectively they can adapt to the dynamically changing environment directly impact in the performance of the organizations (Porter 1991; Roquebert, Phillips and Westfall 1996), and the strategic adaptation of the organizations to their external environment it is a principle of competitiveness (Barney, 1995), see Fig. 1.1.
The strategy-adaptability-behavior model inserts organizational behaviors as an intermediate variable between strategy and performance, and adaptability and performance, respectively. A reciprocal effect between strategy and adaptability (strategy affects adaptability and vice versa) is also shown. Allaire and Firsatro (1984), Marcoulides and Heck (1993) and Bryson and Bromiley (1993) have proposed related models which illustrate the importance of various intermediate behavioral variables. Evidence, points to the likelihood that both strategy and adaptability are strongly influenced by various contextual factors, the most critical of which is environmental dynamism, a critical factor that is closely related to today's HEIs environment. That is, successful firms in stable environments need not adapt to remain successful. On the other hand, changing environments require nimble, adaptable firms. It is important, therefore, to keep abreast with the changing environment where a variation in firms’ abilities to adapt can be observed without that variation being attributable to variation in the dynamism of the environments that firms face. The HEI industry has been chosen because the environment faced by firms is relatively dynamic.

Therefore, to survive in current hostile market competition, management of HEIs are expected to turn back to the identification of their competitive advantages and subsequent construction of strategies based on identified advantages (Segev, Raveh and Farjoun 1999). Not being common to this organization model an orientation directed to the market, it is noticed the HEI managers'
difficulties in the development of strategies orientated by their competitive advantages – it emerges the following question: How to identify the competitive advantages of an HEI in order to be possible to develop sustainable strategies based on the same ones? To answer this question, this study proposes a conceptual model that explains the process of identification of the competitive advantages in an HEI. It will further seek on how: (1) to relate the internal and external factors to the HEI that generate competitive advantages; (2) to establish the relationship among the identification of the stakeholders connected to HEI and the competitive advantages of the institution.

1.1 Competitive Advantage in the Business and HEI

The research work of De Haan (2015) reviewed the historical studies on competitive advantage and its advent. Ansoff (1965) was the first researcher to describe the concept of competitive advantage as the building block of competitiveness, as the properties of individual products/markets which will give an organization a strong competitive position. Years later, Uyterhoeven et. al., (1973) referred to competitive advantages as the manner in which a firm applies its skills and resources to gain superior return on investment in a product or service market. In the subsequent years, the term competitive advantage gained popularity because of the study of Michael Porter's five forces model (Porter, 1980), in which he stated that the structure of an industry determines the state of competition within the industry. The five structural forces are direct rivals, the threat of new entrants, the bargaining power of buyers and suppliers and the impact of substitute products or services, which together determine the development of a competitive strategy. However, he did not define the term competitive advantage, but created a direct link between "competitive advantage" and the concept of "value" by arguing that creating value for buyers is the means to attain competitive advantages. Therefore, a firm has a competitive advantage when it creates more economic value than its rivals, and this competitive advantage in return will enable the firm to earn greater economic value than its competitors. The notion of competitive advantage is made more precise by equating it with added value because the added value ensures the chances of survival (Adner and Zemsky, 2006). The added value
comes from a firm's high performance, and therefore, the link is created between high performance and competitive advantage (Greve, 2009).

1.1.1 Key Building Blocks for Sustained Competitive Advantage

By definition, a strategy is the management behavior that is concerned with the firm’s creation of sustainable competitive advantage. Strategy reflects the sum of managerial choices and is a blend of deliberate actions, tactical responses and organizational learning. Therefore, effective strategy implementation requires that management build a strategy-focused organization, allocate resources appropriately, establish result oriented policies, motivate and reward people, install systems and apply leadership (Thompson & Strickland, 2001:3 &19). It is the essence of how any endeavor, whether profit seeking or not (Mansfield and Fourie, 2004).

At this point, we may need to remind ourselves of the four key building blocks that a company can use to help build and sustain a competitive advantage, which in literature are referred to as "core or generic competencies," and which allows a company to differentiate its product offering, and hence, offer more utility to its customers and/or lower its cost structure. Thus, these four building blocks work together to form a company's competitive advantage (Porter, 1980). They are: **Efficiency**: This is basically inputs over outputs. The more efficient a company is, the fewer inputs (cost) are required to produce a given output (product/service/etc.); **Quality**: This includes the form, features, performance, durability, reliability, style and design of a product or service. When consumers perceive that the attributes of a product or service provide them with higher utility than the attributes of a competitor’s product or service, the product or service has superior quality. High-quality products/services provide more utility to customers and allow for greater efficiency and lower unit costs because of less time spent with customer service and returns; **Innovation**: This is the act of creating or improving new products/services or processes. There is product/service innovation, which is the development of new or improved products/services and process innovation including the innovative way of delivering them to customers. Product/service innovation creates more utility for customers, thus increasing the product's or service's value while process innovation allows for a company to sell the product/services at a lower price, raising the product's/service's value to consumers; **Responsiveness**: This is the process of identifying and satisfying customers. A company that does this better than competitors
will create more utility for its products/services because its customers will be more satisfied with the overall experience of buying and using the company's product or service. The quality of a product/service is directly related to responsiveness because a high quality product does not require complicated support. Innovation, as well, is directly related to responsiveness because it is the process of using customer feedback to improve existing features or add missing features to a product or service.

However, it's important to note that innovation "perhaps is the most important building block of competitive advantage" because competition is driven by these innovations. Successful innovations, at least for a time, give a company something unique, thus adding to or creating competitive advantage. The competitive advantage can lead to differentiation, allowing the company to charge a premium price, or to a reduction in cost, allowing the company to lower price to consumer. Additionally, innovation touches directly on each of the other three building blocks. Process innovation can help a company produce its offering more efficiently or increase or add efficiencies to a company's product/service. Innovation can also directly affect the quality of a product/service by improving the performance, durability or reliability of a product/service or indirectly through process innovation, allowing the organization to more cost-effectively add features to a product/service. Innovation, as well, is directly related to responsiveness because it is the process of using customer feedback to improve existing features or add missing features to a product or service. Finally, process innovation gives a company more resources to shift toward R&D. Also, product innovation, such as we see at Apple, necessitates more innovation to satisfy the next generation of product. Thus, in the end, the four building blocks work together to form a company's distinctive competencies which then allow the company to pursue competitive advantage through either cost-leadership or differentiation.

1.1.2 Overview of Higher Education Institutions (HEIs) in Kenya

Kenya is a country of about 49 million people. Although Kenya is a multi-ethnic country, Kiswahili, a language that is spoken widely in the country, is the lingua franca; and English is the medium of instruction in the Kenyan education system, as well as the country's official language.
The term higher education may be considered all-encompassing and its definition varies depending on the systemic issues in different countries. The term higher education within the Kenyan context includes: public and private universities, polytechnics, teacher training institutes, technical training institutes, institutes of technology and professional training institutions which could be government owned or commercial. All these constitute the tertiary education sub-sector (Afeti et al. 2008, p.70). This research will pay particular significance to universities but also seek to show the correlation and patterns that exist between various Higher Education Institutions (HEIs) (Ooro et. al., 2009).

The 1980s and 90s saw the emergence of some private universities. With the exception of some institutions, such as the United States International University (USIU), most private universities in Kenya are religiously controlled, with the exception Kabarak University which is an individually owned private university. In the last decade, Kenya has made tremendous growth in higher education and training. To-date there are 67 universities, distributed as follows: 22 public chartered universities, nine public university constituent colleges, 17 private chartered universities, and five private university constituent colleges, 13 Institutions with Letter of Interim Authority, and one registered private institution (CUE, 2015), with current student population in the range of 443,783, with another addition of about 80,000 students in technical and vocational institutions. President Mwai Kibaki during his final month in office in 2013, went around the country and awarded charters to more than 13 constituent colleges. To-date majority, if not all, of these institutions are severely weighed down by numerous and uncontrolled problems: lack of competent faculties and acute shortage of teaching and training resources, not to mention non-existence of any kind of serious research activities. Furthermore, they're still grappling with finding hostel to accommodate their students. Moreover, the on-going exchequer reduction in funding coupled with lack of transparency and proper accountability by the top management have exuberated things - leading to serious and perennial cash flow difficulties (for both and small public universities), and thereby, has left some of these institutions with stalled major infrastructure projects, shortage of equipment and facilities to serve the ever swelling number of students, and thus, inability to produce skilled and competent students for the ever-changing today's' emerging job markets.
Of the 36 private universities, only 17 are chartered. The majority of private universities are mainly small religious institutions that award degrees through larger universities based in the West (mainly the United States). The growth of the private university sector in Kenya has been fuelled by several factors, including: the limited opportunities available in public universities; the constant closures of state-funded public universities; the need to complement government-managed higher institutions of learning; and the determination by some religious organizations to open higher learning institutions largely for their followers. The leading four private universities generate substantial income from student fees. As for profit-making institutions, fees are charged strictly in accordance with market forces on the basis of full cost recovery (Ngome, 2003).

The curriculum of most of these institutions (both private & public) are largely geared towards the arts, business and commercial courses, and which mostly to-date are outdated unresponsive curricula that do not match the current emerging skill-sets required in the 21st century experiential economy. Furthermore, majority of both public and private HEIs lack the resource capacity to adequately address the needs of courses in ICT, engineering, technology, medicine and sciences. They also lack adequately trained manpower to deliver the courses that they provide, thereby making the quality of some of their graduates questionable. A case-in-point is the continuous feud between engineering offering faculties and Engineers Board of Kenya (EBK), a regulatory body charged with regulating engineering faculties and graduate engineers. The Board has the overall mandate of developing and regulating engineering practice in Kenya. Furthermore, some of the HEIs don’t have professorial ranks in the institutions, and if they exist, are bogged with top management administrative duties and have no time for teaching and research work.

Majority of the private HEIs in Kenya depend for their revenue on the tuition fees they generate from their students. Such heavy dependence on tuition coupled with lack of alternative income sources has made these institutions expensive and thus unaffordable for most Kenyans, in effect, limiting their services to the children of high socio-economic status. The lack of financial resources also closely affects the type of lecturers hired and non-existence of resources required for teaching, training and R&D, which in-turn does affect the quality of students they produce for the job market.
It's important to note that most private universities expansion sprang forth largely due to the public system’s failure to meet the rising demand for higher education. Private higher education has registered steady increases in enrolment. The private sector’s accelerated expansion, rising status, and official recognition from the late 1980s led to concern and reaction from the public sector. Private universities in Kenya grew in number, going from 3 to 36 in just two decades. Some of the universities have folded because of poor business practices, e.g., Inorero University; others have been forced to close down for flaunting the relevant laws, yet others have been swallowed up by mergers and acquisitions. In view of the failure of some universities to sustain their existence, it is important to study how these universities can gain the competitive advantage leading to their long term survival, which is the subject of the study (Ngome, 2003).

In Kenya, for example, the university councils are charged with the responsibility of policy formulation, creation of faculties and departments, and approval of the appointment of university staff. They also conduct interviews for senior academic staffs from the rank of associate professors and above. The university senate is responsible to the council for academic affairs, financial, and administrative management of the university. Senates are presided over by vice-chancellors and are dominated by heads of departments who are potential vice-chancellors. Under the senate, faculty boards and departments, oversee instruction and also administer examinations. Except for the faculty deans, staff, and student representatives in some cases may sit in the university councils, all the other officers are appointed.

1.1.3 The Kabarak University

Kabarak University is a private Chartered institution of higher learning that provides holistic Christian-based quality education, training research and outreach activities for the service of God and humanity. It was established in October 2002 by the second President of Kenya, His Excellency Daniel Arap Moi, who is also the Chancellor. This was as a result of his visionary idea of setting up a Christian University that would meet the demand for higher education in Kenya and offer quality education based on strict moral principles. The current strategic plan runs from 2010-2015, and is due for revision.
Kabarak University is located 20kms north of Nakuru town, along the Nakuru-Eldama Ravine highway. It is in a serene environment that makes it an ideal place for learning. Today the University has over 3000 students pursuing various academic courses in Science, Health Sciences, Engineering, Technology, Business, Theology and Education. It has since had several graduation ceremonies in which over 4000 students have graduated. It has two campuses in Nakuru town and Nairobi. The universities’ vision is to become a Center of Academic Excellence founded on Christian values. This vision is operationalized into a mission to provide a holistic quality education based on research, practical skills and Christian values all of which are based on the values of Integrity, Excellence and Professionalism, Patriotism, Commitment to serve, Innovativeness and Creativity, Being mindful of others. The Universities’ philosophy is to provide quality education in biblical perspective that transforms lives, while the moral code is to purpose as university family at all times and in all places to set apart in one’s heart, Jesus Christ as Lord.

From the above review, and noting that higher education is critical to a country's economic well being, and further having noted that resources and managerial challenges afflicts management of higher education in Kenya – these factors continues to intensify the problems associated with oversupply of students seeking to enter university annually, more-so with upcoming entry of free education to universities. Within this context, HEIs in Kenya need strategies that best match their internal resources with the external competitive environment in order to survive. Therefore, there is an urgent need to examine the factors critical to the establishment and maintenance of competitive advantage for HEIs and to develop and explore a model of competitive advantage. Such a model will serve as a guiding framework for HEIs to achieve superior performance and long-term sustainability, and thus, SCA.

Thus, the research study will seek to understand how to apply strategic principles to HEI, as well as examine the Porter’s Theory of Competitiveness, Resources and Capacities and Stakeholders, Delta model and Talent Management and their application to the HEI. Next, a conceptual model based on the coalition of the four analyzed theories will be proposed. In the end, the final considerations, limitations and future lines of research will also be addressed.
In the 21st century, higher education institutions face competition from among universities, polytechnics, private training companies and consultants. They must respond to the complex factors making an impact on the demand for quality education. At the same time, they are constrained by state control of the methods in which they may operate. Their strategies are, therefore, planned in an environment which is a hybrid of commercial and public sector constituents. Lindong (2007) in his research work, similarly noted that HEIs managers have not been devoting enough attention to the need for strategic market planning, preferring to operate “through superficial exploitation of new market opportunities”, which can imperil their business in the long term. If HEIs were able to chart their own strategic direction, develop their own competitive strategies and gain competitive advantage, they would be able, theoretically at least, to survive and possibly attain organization effectiveness, and hence, success. It is only when private HEIs do well, especially financially, and leverage their distinctive capability, core competency, scope and synergy in relation to value chain, and hence, RBV that they can contribute meaningfully in providing quality higher education to students, and therefore, towards the country’s human resources development – and thus produce students with proper & effective skills required by today's ever changing job market.

1.2 Statement of the Research Problem

This study aims to develop a framework using multiple strategic management theories to assist and guide private HEIs in Kenya to achieve and sustain their competitive advantage with a focus on Kabarak University. The development of a model of competitive advantage for HEIs in Kenya is considered necessary for several reasons. Firstly, the concepts and models of strategic planning for higher education have already been raised (see, for example, Kotler & Murphy, 1981; Grunder, 1991; Bell, 2002; Richards, O'Shea & Connolly, 2004; Mashhadi, Mohajeri & Nayeri, 2008). However, little research has been undertaken to apply theories of competitive advantage to the context of higher education, and HEIs in particular (Huang, 2012). By exploring the elements and indicators of competitive advantage for HEIs, this study will provide a foundation for future research in this area. Secondly, the model proposed for this study is based primarily on the industrial organization, Porter’s Theory of Competitiveness and Resources and Capacities (or RBV) and Stakeholders, Delta model and Talent Management theories of
competitive advantage and encompasses the range of factors critical to the development of competitive advantage for HEIs. However, the relationships between external industry structure, internal resources, strategy types, and institutional performance have not been clearly identified. This study, focusing on the private HEIs (PHEIs) in Kenya as a unit analysis, is intended to ascertain the relative importance of external industry structure and internal resources on strategy types, which in turn can contribute to institutional performance.

Lastly, the development of a model of competitive advantage offers the prospect of assisting PHEIs in Kenya, especially Kabarak University, to identify their relative strengths and weaknesses with respect to resources and capabilities, to highlight opportunities for institutional development, and to develop strategies to combat potential threats. Correspondingly, through developing and exploring the proposed model of competitive advantage in the context of Kenya’s PHEIs sector, this study attempts to provide higher educational authorities (e.g. government policy-makers and regulatory agencies) and senior managers of PHEIs (e.g. Governing Council, Senates, Deans, major administrators and faculty representatives) with useful insights into their competitive positions in the market.

1.3 Objectives of the Study

The main objective of this study is to identify and analyze the application of sustainable competitive advantage of private HEI’s (PHEIs) in attaining its market success.

This study will be guided by the following specific objectives

i. To analyze how hybrid competitive strategies as a source of sustainable competitive advantage influence PHEI’s organization effectiveness

ii. To examine the effect of organizational resources, capabilities and routines as sources of sustainable competitive advantage on organization effectiveness

iii. Evaluate how stakeholder engagement as a source of sustainable competitive advantage influences PHEI’s organization effectiveness
1.4 Research Questions

i. How do competitive strategies as a source of sustainable competitive advantage influence PHEI’s desired organization effectiveness?

ii. What is the nature or condition of organizational resources, capabilities and routines must PHEI’s develop and sustain to realize their desired organization effectiveness?

iii. What is the value of stakeholder’s engagement in developing sustained competitive advantage and its influence on PHEI’s desired organization effectiveness?

1.5 Research Purpose

The purpose of this study is primarily to examine how competitive strategies can be successfully implemented in PHEI’s, in this case, Kabarak University, a private HEI operating in a geographically isolated and comparatively limited market required to gain, attain and sustain competitive advantage in order to survive or prosper in the highly competitive higher education industry, and the key factors that enable it to do so. The study will examine how HEIs formulate their competitive strategies by taking into account the influence of the external environment, build and exploit their internal resources, capabilities and routines to position their business in the higher education industry and use stakeholders to gain and sustain competitive advantage to achieve their desired market, organization effective and success.

Thus, the overall purpose of this study is to develop a model of competitive advantage for PHEIs in Kenya. Such a model is needed by Kenya’s PHEIs sector to assist institutions in identifying competitive advantage, determined either by industry characteristics or created by the institution itself through the accumulation of both tangible and intangible resources. A model will also help determine the impact of various strategies on institutional performance.

1.6 Significance of the study

The study will aim to capture the dynamic nature of competitive advantage that evolves over time. Firstly, academicians, scholars and researchers will find the study a reliable source of reference for their future literary works. For managerial implication, the proposed model is
expected to help the managers of HEI to understanding the competitiveness of their institutions, guiding them in the managerial analyses for the establishment of strategic guidelines of the institution they manage and the ability to gain competitive advantage.

Furthermore, it's important to note here that education is a regulated sector and is subject to government regulations, historical influences and geographic (or location) constraints that do not necessarily apply to other goods and services more common in traditional industry setup (Huang, 2012). Thus, creating and achieving competitive advantage in the educational sector is not the same as it would be in straightforward commerce. Given the specific nature of the educational sector, the application of strategic management concepts to educational institutions poses challenges at conceptual and practical levels. This study has highlighted these challenges and in this way has made a scholarly contribution to knowledge in the field of education (Huang, 2012).

This study also seeks to make a contribution to theoretical understanding of the competitive advantage of educational institutions in Kenya. A model of competitive advantage will be developed and tested. As indicated in the literature, the model will integrate theories of competitive advantage and conceptualizes the relationships between external industry structure, internal resources, and strategy types with institutional performance in the context of Kenya's PHEI sector.

In addition, this study is expected to add value and thus enhance the current literature on competitive advantage with particular reference to the higher education sector generally, and the PHEI sector in particular. Previous research studies have provided an understanding of the factors affecting the competitive advantage of a firm. While the main elements and indicators in existing competitive advantage models are comprehensive, they have not provided a clear understanding of the factors affecting the competitive advantage of higher education institutions. Also, previous studies have not specifically been designed to provide an in-depth understanding of competitive advantage distinctive to the PHEI sector.

While the expected research outcome from a single area (Kenya) cannot be purported to provide a definitive statement of competitive advantage for the global higher education sector, this study
is expected to make a significant tentative contribution. The study has three important aims in addition to contributing to the existing competitive advantage literature and providing a theoretical understanding of this in the context of higher education. The study (i) provides an initial test of the integrated approach for applying the principles of strategic management to higher educational institutions; (ii) demonstrates the value of a composite framework of competitive advantage for higher educational institutions; and (iii) provides a template for further refinement and research into the competitive advantage for the higher education sector generally, and PHEI sector in particular. In this way the study is expected make a significant theoretical and practical contribution.

Thus HEI’s industry and especially Kabarak University will benefit a lot from the findings in that the relevant policy makers will be able to formulate implementable sustainable competitive strategies that will propel their market reach and financial performance. Given that the PHEI sector is one of the key areas that drive economic growth by providing it with the necessary knowledge and skills to spur growth economic development, then the enhanced performance of the sector will be beneficial to many people directly and indirectly.

1.7 Scope of Study

This study aims to describe and analyze the competitive advantage of HEIs in Kenya. It does not purport to test directly the effectiveness of established theories regarding competitive strategy but rather to see how these theories might be adapted by the selected HEIs in study. If they have, to what extent have the theories been adapted; and if not, to what extent have other or new theories or competitive strategies been adapted or discovered? The study also seeks to find out how applicable are theories of competitive strategy, strategic management and marketing applies to a service and social sector like higher education in the geographical context of this study. The study, however, will not be about an in-depth description and how-to of strategic management and planning. It is more on examining, describing and analyzing how the HEIs come up with their competitive strategies and position their business in the higher education industry. It is also about identifying the key factors for gaining competitive advantage, and how HEIs define market success and work towards achieving it.
1.8 Limitations of the Study

The researcher will not be able to get information that Kabarak University as an HEI has classified as confidential. Time and the availability of resources i.e., executives to interview and answer questionnaires are also regarded as the limiting factors for this research. The findings of this study may not be generalized to other organizations.

1.9 Assumptions of the Study

The study assumes that all respondents will be very knowledgeable about competitive strategic management and are intelligent enough to understand the questions. No training shall be given about strategic management principles. Respondents will answer the questionnaires with integrity and honesty.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Competitive advantage exists when a particular organization consistently outperforms other companies in the same industry. An organization is considered to be outperforming others if profits are higher than the competition's profits. The competitive advantage is thought to be stronger when it lasts for a longer period of time. Those organizations that are able to maintain a competitive advantage for many years are thought to have gained sustainable competitive advantage.

In recent years, almost all of the organizations, if not all are involved with some form of competition, if not for customers, then for gaining advantage on the utilization of scarce resources (MacMillan and Jones 1984), and strategic management is the key factor to succeed in this endeavor. Competitiveness is an interesting subject nowadays. With the today’s globalization of the markets, basically there is no sector where the competition has not grown significantly (Campbell-Hunt 2000), also including the higher education; which is becoming a classic study of the transition from a benign, stable and non-competitive environment to a dynamic, unpredictable one. In the dawn of the 21st century, the future for all higher education establishments is a lot less certain, which complicates life to some of the world’s oldest universities that are hundreds of years old, and for much of that time they operated in a relatively unchanging manner. Moreover, the State, and to the extend, the society, have become increasingly demanding of the sector, which is currently viewed as critical to a country’s economic fortunes due to the emergence of the experiential age, i.e., the information society and knowledge as a critical competitive variable pushed through strategic management (Johnson and Yelland 2008; Fahy et al., 2009).

The quality of education is a central factor of competition, and therefore, to maintain competitiveness, HEIs have found themselves in the position of undertaking planning, which will
determine the institution’s continued survival and development in a highly competitive environment, both locally and globally (Kettunen, 2002). This has become more critical especially with the turbulent start of the new century, that has brought new challenges for firms, HEIs, industries and countries. Success in such times is demanding new paradigm shift on competitiveness i.e., the ability to compete. However, with the changes in the environment to HEI, it starts demanding a more professional and entrepreneurial management, in-house distinct capability, core competence and related resources to leverage and maintain competitiveness. A market highly competitive starts demanding from the universities competences little developed previously: strategic management of the resources and capabilities; the image before the society; students with appropriate preparation for the job market; performance evaluation, among others (Michael 2004). Furthermore, for being strategic for the nations, the higher education currently is the focus of great growth globally in the last decades, with consequences for all of the stakeholders connected to higher education. For instance, the students started to have more choices of options in the moment of accomplishing their professional formation by demanding market (Mintzberg and Rose, 2003).

This way, to survive in a hostile market competition, management of HEI turns back to the identification of their competitive advantages, how to sustain it and subsequent construction of strategies based in these identified advantages (Segev, Raveh and Farjoun 1999). Not being common to this organization model, an orientation directed to the market, it is noticed that HEI managers' have difficulties in the development of strategies orientated by their competitive advantages. Therefore, it emerges the following question: How to identify the competitive advantages of an HEI in order to be possible to develop sustainable strategies based on the same ones? To answer this question, this study will broadly seek to implement a conceptual model that explains the process of identification of the competitive advantages in an HEI. As specific objectives, it will seek, the following: (1) to relate the internal and external factors to the HEI that generate competitive advantages; (2) to establish the relationship among the identification of the stakeholders connected to HEI and the competitive advantages of the institution.

Kenya is a country of about 49 million people. Although Kenya is a multi-ethnic country, Kiswahili, a language that is spoken widely in the country, is the lingua franca; and English is...
the medium of instruction in the Kenyan education system, as well as the country's official language. In the last decade, Kenya has made tremendous growth in higher education and training. To-date there are 67 universities, distributed as follows: 22 public chartered universities, nine public university constituent colleges, 17 private chartered universities, and five private university constituent colleges, 13 Institutions with Letter of Interim Authority, and one registered private institution (CUE, 2015), with current student population in the range of 443,783, with another addition of about 80,000 students in technical and vocational institutions. The curriculum of most of these institutions is also largely geared towards the arts, business and commercial courses, and which mostly to-date are outdated unresponsive curricula that do not match the current emerging skill-sets required in the 21st century experiential economy. The competency of some of these universities is of a continuous challenge, with employers questioning the qualities of the graduates and their effectiveness in the job market. Furthermore, majority of both public and private HEIs lack the resource capacity to adequately address the needs of courses in ICT, technology and sciences. They also lack adequately trained manpower to deliver the courses that they provide, thereby making the quality of some of their graduates questionable. Some of the HEIs don’t have professorial ranks in the institutions, and that’s means do produce graduate students who have never come into contact with professor in their entire duration of their stay in the university/college.

The research is structured as follows: next to this introduction, comes the hybrid/coalitions of strategic principles applied to HEI, as well as it susceptibly describes each theory analyzed (Theories of Competitiveness, Theory of the Resources and Capacities, the Delta model, Stakeholders Theory and Talent Management) and its application to the HEI. Next, the conceptual model based on the coalition (hybrid) of the four analyzed theories is proposed. In the end, the final considerations, limitations and future lines of research are addressed.

Before we get into what constitutes sustainable competitive advantage, we first need to get acquainted with what constitute a competitive advantage. Competitive Advantage (CA), by definition, is an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retains more customers than its competition. There can be many types of competitive advantages, including: the firm's cost structure, product offerings, distribution
network and customer support. Today, both education and business define competitive advantage as being better and/or unique, having a good reputation, growing customer (here student) numbers, recognizable (brand) name and market position, competent faculties including top level reputable professors, possessing an effective international network and rich experiential knowledge, etc. Furthermore, in HEIs, it’s mostly related to terms like excellence, reputation, status. In this research some of the key questions to be answered include: the question is excellence of what, reputation of what, and status of what.

To answer some of the above questions, the researcher is going to leverage four hybrid competitive strategic frameworks: Porter's competitive model, the Resource-Based View of the Firm, the Delta Model, and Theory of Stakeholders for HEIs, with each model helping to answer some of the pertinent issues related to acquiring, gaining and maintaining a sustainable competitive advantage of the HEIs.

2.2 Theoretical Framework

This section discusses the Strategic Principles Applied to the HEI’s it will also make a comparison among four Strategic frameworks pertinent to this study: Porter's theory of competitiveness, the Theory of Resource and Capacities of the Firm, the Delta Model, Theory of Stakeholders for HEIs; and finally looking at the Talent Management theory.

2.2.1 Porter's Theory of Competitiveness

The first strategic model to consider is the Porter's theory of competitiveness in the industry. Porter’s competitive strategy (1985) is grounded in microeconomics, and despite criticisms from Mintzberg (1994) and other researchers, it is still one of the most applied strategic frameworks used today. Porter views strategy as competition and defines competition as a struggle for profits marked by five distinct forces. He argues that “industry structure drives competition and profitability, not whether an industry is emerging or mature, high tech or low tech, regulated or unregulated” (Porter 2008, p. 82). As such, the five forces define an industry’s structure and shape the nature of competitive interaction within that industry (Pringle and Huisman, 2011) –
that is, it assumes that the attractiveness of a market from a company’s perspective is mainly dependent on the market structure. The Porter’s strategic model starts by looking at the relative position of a firm in a specific industry – i.e., you start by considering the firm’s environment and then try to assess what strategy to deploy that may maximize the firm’s performance. Porter’s strategic model, which he demonstrated, through the five competitive forces' strategy (rivalry level, threats of new entrants, threat of substitutes, bargaining power of costumers, bargaining power of suppliers) whose collective strength, make up the industry’s attractiveness, and therefore, determines the long-run profit potential, and hence, the survival of a firm, Fig. 2.1

![Porter's Five Forces Model of Competitive Position](image)

*Fig. 2.1: Porter's Five Forces*

*Source: Porter (1980)*

Porter's sixth force (Porter 1991), is the governments' influence and other types of regulatory organizations, it’s not considered in Porter's original model (1979). That is, since educational market is usually controlled by the governments, this force (government regulations) cannot be ignored in cases of development of competitive strategies in HEI. In this way, the application of
the models presented by Porter (1979, 1980 1985) requires further adaptations in order to be useful in the construction of competitive strategies in educational organizations (Michael 2005).

Here for HEI, for example, we're more closely interested with two forces: threats of new entrants and the threat of substitutes. The second contribution of Porter is derived from this model and it corresponds to its proposal of generic competitive strategies (Leadership of total cost, differentiation and focus). His third contribution, is the value chain, in other words, internal adaptation to the competitiveness, and which leads us to our second strategic framework, the resource and capabilities (or the resource based view of the firm), a strategy formulation contributed by three key researchers: Penrose (1959), Grant (1991) and Barney (1991), and which is also closely linked to the environment where the firm is inserted (i.e., how does the location of the HEI affects its competitive advantage) – to establish strategies to generate competitive advantages, and thereby improvement in the organization's performance.

It's not practical to just look at the Porter's competitive forces affecting the organization without considering locality where the organization its inserted, that is, the territory where the organization is based closely relates to how it operates, and it’s governed by the Theories of Territorial Competitiveness (Storper 1997, Cooke 2001, Dyer 1996). This theoretical approach brings-in the role of local community and their actors that, in an integrated way, define and look for a development strategy, pursuing in shared form solutions for their problems, when identifying, to value and thus take advantage of their potentialities and wealth, building competitive strategies capable of allowing its insertion in a volatile and integrated market (Cox, 1997). In the general, the strategies drawn by the organizations, their structures and operations combined with strategic behavior, is linked to its territory of action.

In this context, several regional institutions have important role in the local development. Among these institutions stand out local HEI that assume as competitive strategy in the market, the service to the needs of the region's organizations, as preparing the appropriately professionals that will act in these organizations, and as cooperating with these firms for the innovation, creating economic advantages originated from these practices. When acting this way, the economic and social benefits brought by HEI are substantial, helping this type of organization to
be more competitive in the educational market, besides accomplishing its mission in society (Storper, 1997; Cooke 2001). In synthesis, the alliance of the Theories of Competitiveness in the Industry and the Theories of Territorial Competitiveness contribute to the strategic positioning of the HEI in the relationship of these institutions with its external environment.

### 2.2.2 Porter’s Generic Competitive Strategies

In looking to a clear meaning of what constitutes competitive advantage, we may also look at what strategic considerations on the business field level lead to the question: what is the basis on which companies achieve their competitive advantages? This is basis of Porter's (1979, 1980) three generic strategies firms can possess: "Cost Leadership" (no frills), "Differentiation" (creating uniquely desirable products and services) and "Focus" (offering a specialized service in a niche market). He then subdivided the Focus strategy into two parts: "Cost Focus" and "Differentiation Focus", see Fig. 2.2.

![Fig. 2.2: Porter's generic competitive strategies](source: Porter (1979, 1980))

Here, being stuck in the middle, in effect is due to the failure to develop a strategy in one of these three directions by the strategic managers. That is, the firm lacks the market share, capital, and overhead control to be a cost leader, it also lacks the industry wide differentiation necessary to create margins which obviate the need for a low-cost position. Being "stuck" also implies a firm applies low profits as a rule, i.e., profits are bid away to compete with low cost producers; or, the firm loses high margin business to firms who achieve better differentiation. Classic examples of
this problem are large, international airline companies, many of which are now bankrupt. Therefore, depending on a firm’s capabilities and resources, a “stuck” firm must gravitate toward either low cost (usually by having a higher market share) or focus or differentiation (which may mean decreasing market share).

The sources of cost advantage, likely to be rare, include learning-curve economies, differential low-cost access to factors of production, and technology. Firms can differentiate their products in different ways: product features, linkages between functions, timing, location, product mix, links with other firms, product customization, product complexity, consumer marketing, distribution channels, service and support, and reputation (Note: you can replace product with service and apply the same scenario). Firms focus on a particular market niche, and company resources are devoted to maintain market leadership in that niche, and thus gain sustainable competitive advantage.

2.2.3 Theory of the Resources and Capacities

As compared to Porter's competitive model, the Theory of Resources and Capacities (or Resource Based View (RBV)), can be looked at as an "inside-out" process – it starts by looking at what resources the firm possess (via the firm’s Value Chain Analysis (Porter, 1985)) – followed by assessing their potential for value generation, and finally formulating a strategy, which allows the firm to capture the maximum of value in a sustainable way. In Porter's value chain, we have: Inbound Logistics, Operations, Outbound Logistics, Marketing and Sales and Service are categorized as primary activities. Secondary activities include: Procurement, Human Resource management, Technological Development and Infrastructure (Porter 1985, pp. 11–15). According to Kotelnikov (2001), the value chain is a critical tool for business development because it espoused the idea that, success in digital economy depends on the implementation of integrated value chain that extends across, and beyond, the enterprise. That is, in most cases one will need to understand the 'linkages' in the chain to see where improvements can be made, eliminate non-value added elements (and reduce costs), identify the relevant critical success factors (CSFs) and key performance indicators (KPIs) accordingly.
Under the Theory of Resources and Capabilities, the envisaged strategic choice, charges the management of the firm with a key critical tasks of identifying, developing and deploying key resources to maximize returns. It makes clear that abnormal rents can only be earned from resources to the extent that they are VRIN (valuable, rare, imperfectly imitable and non-substitutable) framework associated with resources, which is now extended to VRINO (the O - original capture value) (Barney, 1991). With these in mind, we need to look closely at the key factor of the resources and capability of the firm; i.e., there will be need to identify: distinct capabilities, core competency, routines, rents (derived from activity) and appropriability. Here, the rents are not only challenged by firms' rival, but also its customers, workers and other stakeholders – further the core competency should be difficult to duplicate, as it involves the skills and coordination of people across a variety of functional areas or processes used to deliver value to customers. For example, in case of HEI, the professors' power influences in a significant way the competitiveness of the educational institutions, being one of the main generating factors of distinct capability, and hence, sustainable competitive advantages of an HEI (Mintzberg and Rose, 2003). In overall, the attributes of RBV when satisfied, gives rise to the firm having gained resource-advantage over its competitors (Hunt, 1999).

The Theory of Resources and Capacities was first muted by Penrose (1959) in which he affirmed that an organization gets its distinctive characteristic through its heterogeneity of the productive resources. Further, this theoretical approach argues that the main differences of the firm's performance in the market are due mainly to the following: resources, competence and individuality of each organization, capable to turn them inimitable, untransferable and irreplaceable (Wernerfelt 1984, Barney 1991, Mainardes et. al., 2011; Snow & Hrebiniak, 1980). However, according to Barney (1991), a firm can gain competitive advantage when it develops strategies based on the internal forces, and hence, neutralize external threats, consequently avoiding internal weakness. Thus, for Barney (1991), firm resources can be categorized into three groups: physical capital resources (i.e., plant and equipment, geographic location, and access to raw materials); organizational capital resources (i.e., formal reporting structure, formal and informal planning, controlling and coordinating systems, and informal relations among groups within a firm and between a firm and those in its environment); and human capital
resources (i.e., training, experience, judgment, intelligence, relationships and insight of managers and employees in a firm) (Huang, 2012).

Similarly, Hofer and Schendel (1978) suggested six major categories of resources as follows: financial resources, including cash-flow, cheque, bank deposit, and loan ratio; physical resources, including practical technique, plant and instrument, geographical position, and raw material; human resources, including experience, judgment, talent, social relationships, and training systems; technological resources, including patent, knowledge, and research and development ability; reputation, including well-known degree, laudatory (honors) degree, credit ranking, social status, and customer loyalty; and organizational resources, including formal report structure, formal and informal planning, and control and co-operative systems (Huang, 2012).

That is, first and foremost the formulation of strategies should be based on the combination that uses organization resources more efficiently, and accumulate them in way to improve the firms' overall performance. In other words, the theory of the resources and capabilities should focus its efforts in drawing strategies that allow, in a more effective way, the use and the constant enhancement of its base resources as a source of income and as instrument of qualification of its performance (Grant 1996, Mainardes et al., 2011). Miller (2002) similarly reinforces that firm's to stay competitive should focus its efforts in their internal capacities (innovation, inimitability, image, market segmentation and service) capabilities.

Moreover, Blois (1983) in his study concluded that the distinctive competences (core competences) of a firm distinguishes themselves from their competitors – i.e., if firms were able to identify these competences, they will be used to establish policies in the organization that will give rise to the same competitive advantages on the competitors. Therefore, these distinctive competences should be maximized in order to access potential markets, in order to contribute in a significant way for the benefit of the products or services noticed by the consumers since being difficult to be copied by the competitors (Prahalad and Hamel, 1998). Further, Prahalad and Hamel (1990) introduced the term ‘core competencies ’as “the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple
Streams of technologies” (p.82). A core competency, first, provides “potential access to a variety of markets”; second, makes “a contribution to the perceived customer benefits”; and third, is “difficult for competitors to copy or imitate” (p.83-84).

In their research study, Teece, Pisano and Shuen (1997) proposed the ‘dynamic capabilities’ framework with a view to developing a new perspective for the strategic management of a firm in a greatly changing environment. According to Teece et al. (1997), the term ‘dynamic’ refers to the capacity to renew competencies so as to achieve congruence with the changing business environment, and the term ‘capabilities’ refers to a firm adapting, integrating and reconfiguring internal and external organizational skills, resources, and competencies to match the requirements of the changing environment. The authors viewed dynamic capabilities as a firm’s ability to upgrade and renew its competencies to meet the rapid changes of the industry’s environment and, in turn, to achieve new and innovative forms of competitive advantage. These dynamic capabilities encompass organizational and managerial processes (i.e., coordination and integration, learning and reconfiguration), specific asset positions (i.e. technological, financial, reputation), and path dependencies (i.e., the firm’s history). Figure 2.2 demonstrates the evolution of the RBV theory and the shifting emphasis and definition of RBV theory.

![Fig. 2.3: Evolution of the RBV theory.](https://example.com/image)

Source: (Huang, 2012)
In the context of educational organizations, the Theory of Resources and Capacities can contribute to the creation of competitive strategies in HEIs. An important point here is the organization learning, which managers of the HEIs should adopt for their organization to be able to learn with other organization, competitors or not, thereby improving their capabilities (Roth 1996, Voss et. al., 1997; Mainardes et. al., 2011). Another key important factor to argument the theory is the market orientation concept, which dictates that HEI should be guided by market conditions requiring them to give their customers, students and society, competences that will make difference in the workers performance. These competences are derived from internal abilities and the resources of each institution, and its competitive advantage is then sent to the professionals delivered to the job market, thereby building a strong image together with the society (Mazzarol and Soutar, 1999; Mainardes et. al., 2011).

However, to-date majority of HEIs are still short of professional management capable of taking advantage of the knowledge offered by the presented theory, mainly due to three factors: first, in the academic environment, there are still considerable resistance to the management with business focus within the HEI; secondly, the inability to identify their core business, and without it, the educational sector are unable to base their strategies appropriately; third, the management of HEIs do not possess specific foundations, and therefore, continue to import the fundamental concept of the business world (Maringe 2005).

We can now look at the concept of Porter's value chain and the resource-based view in relation to HEI. This brings us to the integration of RBV and Porter's value chain concept applied to the business world (Inbound logistics, Operations, Outbound logistics, Marketing & Sales, and Service), and how best to apply it to the HEI. Therefore, while conceptually similar to Porter's model, the value chain for higher education entities is notably different than that for most commercial business, as shown in Fig. 2.4. Note here, the inbound logistics is replaced by marketing, sales and students recruitment.
It's important to note, however, that under RBV, there is a need to understand the overall risk management associated with the above strategies. According to Hutaibat (2011), understanding risk management is important, as it’s expected to support the achievement of higher education objectives in several key ways, as follows: Supports strategic and business planning; Quick grasp of new opportunities; Reassures stakeholders; Fewer shocks and unwelcome surprises; Enhances communication between faculties and departments; Supports effective use of resources; Promotes continual improvement. In the next section, we shall look at closely the RBV analysis.

### 2.2.3.1 The RBV Analysis

The analysis of firm’s RBV starts by looking at what resources the firm possess, followed by closely assessing their potential for value generation and end-up by defining a strategy that will allow us to capture the maximum of value in a sustainable way (Gant 1991), see Fig. 2.5 for the complete process.
According to the RBV, the bundles of competitive resources can be identifiable in HEIs, for example, such resources might include the reputation of a professor, reputation of certain departments, the grouping together of areas of specialist expertise or core competency, and the development of technical patents and so on (Lynch and Baines, 2004). However, it is important to note that the human resource is the main resource of higher education, and who might be attracted by salary or investment facilities in another institution (Finkelstein et al., 1996), and so higher education resources may not be imperfectly mobile. According to Grant (1996), the basic definition of the competitive resources of a university identifies tangible, intangible and organizational assets. While Lynch and Baines (2004) states that tangible resources might include: campus location, building infrastructure, conference facilities and medical research facilities. Intangible resources generally include such items as: patents, teaching and research performance, service levels and technology and the geographical location of a service. In a university, such intangible resources might include some of the above and may include employees/associates (e.g., eminent professors, renowned authors and distinguished teachers).
Barney (1991) also showed that location is a firm physical capital resource. That is, the location of a university can be accepted as physical and tangible resources of a university. In the literature, the location is showed as an important factor, which affects the students’ university selection decisions. In this way, the location of university causes a competitive advantage to attract the students to the universities and it is represented by the strengths for university.

Blustain et al., (1998) in their study indicated that the sources of competitive advantages are closely related to the reputation of the institution, the curriculum and educational standards, cost, location and student activities. While Soutar and Turner (2002) states that there are mainly three market segments in the Australian university market: high school graduates, elderly students, and international students that have been influenced by several factors while selecting the best university for them. One of the key factors is again location. Other researchers like Donaldson and McNicholas (2004) argues that the reputation, nature of the courses, location and address, financial considerations, facilities, social climate of the department, program structure and accreditation factors influence student choice of institution and course for post graduate studies.

As we have noted earlier that RBV (and thus value chain) does not even mention customer within its framework, as such we can clearly state that as a rule of thumb: customers value benefits, not competencies. They don’t value what you got, they don’t see what is happening behind the scenes and they are interested only on your final offering. That’s why considering this theory poses a number of questions without clear answers, as follows: How to link your competencies with your offerings? What is the share that each competence contribute towards the total value perceived by the customer? What is core and what is not core? Does this change from one offering to another or over time? Can you easily match your competencies to your offerings? The question leads us to our third strategic framework, the Delta Model, which extends Porter's Competitiveness and RBV model.

2.2.4 The Delta Model

In the conventional, best product positioning approach to business strategy, the way to attract, satisfy, and retain the customer is through the inherent characteristics of the product itself.
Managers are guided by product economics and measure their success in terms of product share. Hence, at this point, it’s important to note that when dealing with competiveness of the HEIs, the key element is the student who’s the core customer and whose requirements and needs are to be satisfied. Surprisingly, the customer does not emerge as the key player in either of above two frameworks. Under Porter's model the customer is literally represented by the "buyer" – who constitutes an additional element of the rivalry that we need to overcome. While in the Resource-Based View of the firm, there is no explicit mention of the customer. As can be observed from these strategic frameworks: Porter's competitiveness and RBV, relay heavily on the traditional competitive approaches which are based on product differentiation that do not produce optimal results, nor do they take advantage of new sources of profitability that the connectivity of a networked economy offers – i.e., too often they focus the attention in the wrong place. In this respect, if educational institutions are to achieve success in the marketplace, they must begin business in new ways to survive the 21st highly dynamic business environment. Therefore, in order to survive and prosper today, HEIs must shift their strategic attention from products to customers and create a business plan based on the following: The innovative restructuring of your customer relationships; segmenting your customers more creatively; Delivering a value proposition that places the customer at the center of your strategy.

This brings us to our third competitive strategic model, the Delta Model developed by Hax and Wilde II (2003). The Delta model integrates the Competitive Advantage and Value Chain frameworks from Porter with the RBV of the firm and complements those with new Extended Enterprise perspectives and with offering Total Customer Solutions. The model provides three strategic positioning options as represented by the Triangle: Best Product, Total Customer Solutions, and System Lock-In. The Best Product reflects traditional thinking; Total Customer Solutions and System Lock-In offer new ways to compete based on customer bonding. The bonding continuum maps to these positions and provides a richer understanding of the drivers of bonding – and eight ways to achieve these fundamental strategic options. It also leverages the emergence of the Internet, with the previously unimagined potentials for ICT, and the technologies surrounding e-business and e-commerce, that today, have made available some new option tools that allows the possibilities of new business approaches, e.g., for HEIs, the virtual learning environment via eLearning (e.g., MOOCs), a completely new entrant in the education
sector, and which is currently being leveraged by most HEIs across the globe and locally, to wade off competition.

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**Fig. 2.6:** Identifying the competencies of an HEI - the eight strategic positions as a guiding framework.

Source: (Suarez, 2005)

Figure 2.6 shows the academic version of the Delta Model with the eight strategic positions that designate the competencies of an educational institution or not-for-profit organization. Here you can use the competencies to enhance the strategic plan and profitability of institutions of higher education institutions (Suarez, 2005).

Under the Delta Model, there is a need to identify the competencies of an HEI, which can be achieved via eight strategic positions as a guiding framework:

**Administrative Efficiency:** Represents the Delta Model as applied to HEIs instead of the Low Cost option presented for business world. This simply denotes the undeniable need that any school has, regardless of its nature, to take due care about the way in which its assets and resources are employed and managed. In essence, being an educational institution doesn’t mean that we have to be inefficient and ineffective in performing organization's activities. That is,
managers should focus on achieving a high level of efficiency in every aspect of the administrative duties, and in the management of business, human resources, physical and financial assets.

**Differentiation:** The Delta Model decided not to change the definition of this position, because it underscores the need for a certain sense of originality and uniqueness in what we do and the services that we produce. That challenge is always there. The dangers of commoditization are as real in a for-profit as well in a not-for-profit or educational environment. Therefore, there is a need by the managers to establish a sense of uniqueness and creativity in what institutions of higher education do and the final educational products and services they offer.

**Attraction and Development of the Customer:** In Delta Model it’s slightly altered from Redefining the Customer Relationship. This competency reflects the same need for all organizations which is to attract, satisfy, and retain the customer, culminating in a strong customer bonding. The concept of customer bonding is a key critical factor in academic and the non-profit world as it is in the business environment.

**Knowledge Transferred:** represents the strategic position that recognize our knowledge base, and not only keep it inside the school, but possess the capability to transfer it to the customer. In many not-for-profit schools this is of paramount centrality. Think, for instance, about schools where this is unquestionably at the heart of what these schools provide to their constituencies. The key is to recognize the knowledge that resides in our educational institution, and not to keep it only for the internal administrative role. Transfer it to the customers (students) in a way that enriches them with lifelong skills.

**Total Breadth of the Offering:** a slight modification of the “Horizontal Breadth” position, but still retaining the same spirit of the Delta Model original intent, which is to assess the institution's capacity to offer their customers a proposition that is all encompassing, and a clear intention to satisfy as many of their relevant needs as possible. Furthermore, we should also consider whether we could accomplish this objective alone or should resort to the Extended
Enterprise – i.e., allowing all of the relevant complimentors that could assist institutions of higher education in this effort.

**Channels of Delivery:** here we focus our attention on the means by which institutions of higher education would reach its customers. The search for a lock-in, of course, requires us to determine the degree to which these delivery channels would be exclusive to us or not, whether significant barriers are in place, which make it difficult for other schools to compete for the acquisition of our customers.

**System Support:** This is what the Delta Model has been calling “Dominant Exchange.” By changing it to System Support, allows us to emphasize on the development and transfers of systems to help HEIs' customers (students and other stakeholders) do a better job. Here, the respective school needs to reflect on the centrality that systems play in the conduct of the educational activities, and consequently, the extent to which they might give your school a certain sense of exclusivity that produces lock-in. This form of lock-in is based upon the deployment of exclusive systems that connect with your school’s customers in unique ways that are not available elsewhere. It could also generate a network that integrates all parties interested in the service offered by the school. In the for-profit world, eBay is an example of that, for HEIs, we could think of eLearning endeavor.

**Intellectual Value:** also known as “Proprietary Standard” in a business setting; it stresses on generating something that has a certain sense of uniqueness in the ideas, the values, and the distinctiveness of the output of an educational institution. That is, it calls for us to focus on the caliber of our intellectual pursuits, and the degree of distinctiveness that they would attach to our institution. It is extremely hard to claim the full dominance of intellectual outputs that could create a system lock-in, though it might be created by gaining exclusive rights for the certification of intellectual value.

Table 2.1 shows the comparison among the three strategy framework: Porter's competitiveness, RBV and the Delta Model.
Table 2.1: Comparison among Strategy Framework

<table>
<thead>
<tr>
<th>Focus of Strategic Attention</th>
<th>Porter</th>
<th>Resource-Based View</th>
<th>Delta Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types of Competitive Advantage</td>
<td>Low cost or Differentiation</td>
<td>Resources, Capabilities, Core Competences</td>
<td>Best Product, Total Customer Solutions, System Lock-In</td>
</tr>
<tr>
<td>Basic Unit of Competitive Advantage</td>
<td>Activities</td>
<td>Core Products, Strategic Architecture</td>
<td>Adaptive Process: Operational Effectiveness, Customer Targeting, Innovation</td>
</tr>
<tr>
<td>Strategy As</td>
<td>Rivalry</td>
<td>Real Estate</td>
<td>Bonding</td>
</tr>
</tbody>
</table>

Source: (Hax and Wilde II, 2003).

This brings us to the fourth and final competitive strategic framework, the stakeholder management theory.

2.2.5 The Stakeholders Management Theory

Freeman (1984) defines stakeholder as any individual, or group of individuals, that is affected or affects the organization from reaching its mission or objectives. According to Frooman (1999), for a firm to find the answers to its relationships with its stakeholder, it must answer these three questions: who are the stakeholders? What do they want? How will they act to reach their objectives? Answering these questions, allows the organization to make effective decisions that can bring them greater benefits, and thereby, gain and sustainable competitiveness. That is, the success of a firm depends on the effective administration of the relationships with the stakeholders, and is essential in the long period for the good of the operation of the organization (Frooman 1999). Similarly, Clarkson (1995) stated that the survival and success of an organization depend on their managers' ability in generating wealth, value and satisfaction to their stakeholders. Therefore, its a critical requirement that organizations recognize and understand who their stakeholders are, what their interest are and how to manage them better (Grundy 2005) – i.e., by knowing them enables the organization to better answer to their external interest, when building narrower relationships. Whittington (2002) in his research argues that the
main objective of organization strategy is to bring beneficial results for the betterment of the stakeholder’s relationship.

In the educational context, the main subject that mobilizes all of the stakeholders involvement with the HEI is that competitiveness, or lack of it, affects the finances and hence educational quality of service (Michael 2005). It is fundamental in undertaking stakeholders survey, researchers should seek to use the knowledge generated by the stakeholders strategy to determine with whom to work and what intend these individuals or groups requirements, and hence, development of strategies to assist each stakeholder. However, it's important to note, that to-date HEIs are yet to identify correctly the key and critical stakeholders (apart from the students) engaged with the institution – and are still grappling to establish the needs concretely to each one and the degree of importance in the relationship with the same ones. Therefore, a gap still exist, and much still needs to be done for the HEIs to assist meeting the needs of their stakeholders (Dobni and Luffman 2003; Mainardes et al., 2011).

Finally, summarizing the contributions of the four theories for the education sector, for each HEI to be competitive, it has to carefully evaluate the challenges and threats of the environment in relationships to internal resources and capabilities, understanding the needs of the stakeholders, attracting and consolidating resources, facing the external changes and solving their internal problems. The capacity of an HEI in reacting to the environmental threats, supplying its publics' needs and solving their internal problems determine the competitive orientation of the institution (Tam 2007). In other words, the competitiveness of an HEI can be translated by the union of the knowledge generated by the Theories of Competitiveness in the Industry and Territorial, Theory of the Resources and Capacities, the Delta Model and Stakeholders theory (Mainardes et al., 2011).

2.2.6 Driving Competitive Advantage with Talent Management

Another key aspect of HEI challenges in the 21st century is how effectively HEIs can manage talent within their institutions. For example, today university administrators are faced with many challenges, from better financial management to streamlining operations to staying competitive
when it comes to attracting and retaining both high caliber staff and students. For the majority of universities, talent management is a relatively untapped opportunity, and it offers both HR professionals and leaders of higher education institutions a proven and practical way to drive competitive advantage (Cobb, 2011). More-so in Kenya, the talent management is further complicated by nepotism, and need for ethnic balancing in complete contrast to requirement to engage qualified and distinguished persons.

Talent management, by definition, refers to the overall process of developing, managing and retaining employees, more-so especially high caliber staff, and this can be closely looked from the value chain and hence RBV of an organization. It includes a wide variety of functions, including recruiting, learning and training, compensation, employee performance management, and succession planning. Talent management is based on the idea that employees are an organization’s most valuable asset. This is particularly relevant for universities – both public and private – as there’s a drive toward efficiency and delivering top quality service to students, both inside and outside the lecture hall (Cobb, 2011).

For example, in the current highly competitive environment, most HEIs simply cannot afford to lag behind in their talent management practices and then expect to recruit and retain the employees required to drive the organization’s performance, and hence, success. Putting in place a talent management strategy which focuses on creating a culture based on performance helps drive efficiency, reduces turnover costs, fosters employee development and assures a high level of services are delivered to students (Cobb, 2011). While the idea of talent management has increased in popularity, many universities today are not addressing talent management proactively or continue to rely on ineffective, outdated approaches. The lack of talented faculties is further complicated by the global competition for talent, and the ubiquity of knowledge economy assumptions that it is the wealth created by these highly skilled knowledge workers that will provide the basis of economic development and competitiveness in the 21st century (World Bank, 2002); has seen wealthy nations develop sophisticated strategies to harvest such individuals in the service of national development (Welch and Zhen, 2008). This complexity may require HEIs to resort to Resource Deployment Theory, which works on two premises: how both the external and internal resources of the organizations affect the behavior of the
organization in terms of the critical resources it must have in order to satisfy its customer-base, gain competitive advantage, and hence, its long term survival. In relation to HEIs, RDT is closely related to access to talented faculties. The RDT assumes that the environment contains scares and valued resources essential for organization's survival, however, there exist uncertainty in resource acquisition, therefore, the organization needs via two related objectives: acquiring control over resources that minimizes their dependence other organization, here, we can talk of HEIs reliant on part-time faculties from the competing institutions; secondly seek control over resources that maximizes the dependence of other organization on themselves through "poaching" of talented faculties from competing HEIs.

Therefore, for talent management programs to have a measurable impact on the bottom-line, they need to be clear, consistent, and offer top administrators, employees, and managers ongoing value. A best practices-based approach to talent management puts employee performance at the core of all talent management functions. This approach enables the organization to ensure that all talent management functions are based on actual data from the performance management process, and thus, make better business decisions based on actual employee and organizational needs. Putting a talent management program in place requires careful planning and understanding of how all of the elements, within value chain and hence RBV (see Figs. 2.3 & 2.4) to work together to drive results. Currently, many universities are implementing web-based solutions that streamline the administration of key talent management functions, thereby, ensuring HR, managers, and employees can focus on higher-value activities such as employee coaching and goal setting (Cobb, 2011). In this research work, factors affecting talent management will be closely study to ascertain the best possible approach enabling the organization to maintain competitive advantage.

2.2.7 Competitive Strategies Applied to HEIs

As was earlier noted Porter’s competitive model and the Resource-Based View of the firm basically perceived the primary role of strategy as achieving a unique competitive advantage. That is, the main objective of these strategy is geared towards beating your competitor either by excelling in the activities of your value chain, which allows you to establish a dominant position
in your industry, or through the mobilization of unique resources and capabilities. For HEIs, under Porter's framework, we can look at the two forces: threatens of new entrants and the threat of substitutes. Here, the intensity of threats of new entering universities/colleges in the marketplace, short-term substitutes, and rivalry among existing HEIs clearly determined over the strength of each individual HEI as supplier, and as viewed by the industries and respective alumni as buyers. To ward-off these challenges, according to Porter, it is imperative that organizations have their own strategies that reflect their needs and plans, given the institutional arrangements and external conditions where the firm is located.

Over the last couple of years, locally and globally, the HEI is becoming more competitive from a variety of perspectives: internally, institutions must manage costs, while at the same time there's a growing need to specialize and communicate a unique message to an expanding marketplace. From the applicant’s perspective and vantage, student prospects are faced with more education options than ever before, for example, in Kenya, a couple of years ago we had only a handful HEIs in place, to-date it has hit 67 and counting. A solid marketing strategy can, therefore, directly affect the bottom-line of a college, university, or continuing education institution through measurement and understanding of its position in the marketplace and by eliminating weaknesses and building upon strengths, and here is where the knowledge of coalition (hybrid) of strategies discussed comes into play.

In concluding this section, we can clearly state that HEIs are at a crossroad and are facing tremendous challenges, competitiveness or otherwise and are now at the brink of a revolution. For those who think regularly about the future of education, this proclamation will come as no surprise. In the current experiential age coupled with rapid changes, we have become accustomed, even expert, at thinking and talking about the changes to come. However, our familiarity with impending change may have numbed us as to what it will really mean. In effect, technology will alter the way we order life, in ways that are unimagined. It has moved us toward a different kind of economy and modified ways of living: from the well-known industrial society to the experiential society where knowledge is the king. That is, we are in the midst of changing from an energy-based to a knowledge-based economy which will alter the rules of engagement in international economic competition; therefore, thrusting universities into roles they have not
traditionally played. Two of the greatest challenges our institutions face are: how to gain and sustain competitive advantage, how to harness the power of digital technology and responding to the information revolution. Moreover, the opportunities and challenges technology presents are far greater than at any previous time in higher education's 900-year history. Finally we can envisage that in order to maintain a continuous and sustainable competitive advantage, the HEIs must stay abreast with all the factors that affect the competitive advantages (Mainardes et al., 2011). In reaching SCA, organizational are expected to closely monitor their organizational performance which is closely linked to organizational effectiveness.

2.2.8 Theoretical Review of Organizational Effectiveness

Performance measurement is essential for determining an organization's effectiveness. In this section we be looking at theoretical review be able to measure organizational effectiveness when such key performance indicators like: Communication of vision to employees & their buy-in of the vision; Employee commitment; Leadership effectiveness; Communication effectiveness; Employee care; Sense of accountability for results; Customer centricity; Customer satisfaction; Growth and survival; Organizational learning & innovation have measured and monitored and controlled as observed earlier this section is accomplished.

2.2.8 Theoretical Studies of Organizational Effectiveness

Now that we have looked at the various competitive strategies, let's dive into the organizational effectiveness (OE) in relation to firms' performance via key performance indicators (KPIs). Recall that KPIs looks at what performance measures can be used as part of a model of organizational success. Thus, KPIs help an organization define and evaluate how successful it is, typically in terms of making effective and competitive progress towards its long-term organizational goals and objectives. However, key performance indicators will differ by type of organization, for example, a university or college might consider five year graduation as KPI, while academic library might use a collection availability rate as a KPI. That is, the idea is to select a few KPIs that are reflective of organizational effectiveness (Matthews, 2011). Various historical opinions about organizational effectiveness as envisaged by Frederick Taylor, Henry Fayol and Elton Mayo (In: Mintzberg, 1989). According to Taylor (1911), effectiveness is
determined by factors such as: production, cost, minimalization, technology, excellence and others; while Fayol (In: Mintzberg, 1989.) observes that effectiveness is a function of clear authority and discipline within an organization, however, Mayo (In: Mintzberg, 1989) indicated that effectiveness is a function of productivity resulting from employees satisfaction. Figure 2.7 shows the various characteristics of organizational effectiveness.

**Fig. 2.7:** Various characteristics of organizational effectiveness.

Thus, in almost every organizational, performance measures are used to assess and measure organizational effectiveness (Matthews, 2011). Typically, performance measures encourage appropriate action, they are predictive in nature, they indicate what action should be taken, and they are acted upon by top management. Organizations employ a wide gamut of methods when assessing their performance. Organizational effectiveness and organizational efficiency constitute two such methods of performance assessment. Performance measures can play a variety of roles in an organization, as shown in Fig. 2.8. Basically, the effectiveness of a business constitutes its ability to perform a function with optimal levels of input and output. In the last three decades, the topic of organizational effectiveness has been of considerable interest in the administrative and organizational sciences. Focus on effectiveness in the organizations was started in 1930s, but by 1970s, the concept of “organizational effectiveness” was introduced (Mukhtar, Islam, and Siengthai, 2013).
It's important to note that the real value of performance measures is when an organization goes through a planning process that identifies performance measures that are linked to that organization's vision, goals, and objectives – whether they are easy to collect or not (Matthews, 2011). How well an institution performs is the outcome of an effective organizational effectiveness model - i.e., to create organizational effectiveness and ensure sustainability – institution leaders need to focus their attention on aligning their people, the systems, the structure and roles with organization's strategy, which engaging their employees with their jobs and with organization. This measure when effectively effected, brings a substantial benefit that ensures in a downturn and creates a competitive advantage when economic upturn arrive – i.e., business can't afford not to get it right. In general, good performance measure are said to be: Balanced (include both financial and nonfinancial measures); Aligned to the organization's strategies; Flexible (can be changed as needed); Timely and accurate; Simple to understand; Focused on improvement (Matthews, 2011). Similarly, performance measure should be SMART. That is, the measure has Specific purpose, it is Measureable, the defined target to be Achievable, the measure has to be Relevant to measure (and thereby manage), and it must be Time phased, which means the value or outcomes are shown for a predefined and relevant period.
That is, despite a fairly lengthy history of inquiry, much confusion still exist about the concept of organizational effectiveness (Kanter & Brinkerhoff, 1981). Thus, conceptual questions, such as what to measure rather than how to measure effectiveness; how to define various factors; and how to link these factors in the assessment process to the organization’s goals, objectives, and functions, still persist (Matthews, 2011). In general, the three primary challenges that must be confronted when considering organizational effectiveness are definition, measurements, and determinants of effectiveness.

Looking back to the early days of the development of the concept in 1950s, organizational effectiveness was used for goal attainment or the degree to which organizations realize its goals (Robins, 1987). Traditionally, productivity is usually noted as the ultimate criterion for measuring effectiveness of the industrial and manufacturing organizations. Furthermore, in addition to productivity, flexibility and maximization of the member’s potential are also recommended as criteria for effectiveness (Kahn and Morse, 1951). According to Friedlander and Pickle (1968), fulfillment of the needs and demands of the employees is critical criteria measure for OE, and thus the survival of the organization. Similarly, expanding the perspective of studying the effectiveness, Khan (1956) has listed morale, commitment to the organization, staff turnover, absenteeism and personal satisfaction as other criteria of organizational effectiveness (Mukhtar, Islam, and Siengthai, 2013).

More recently, several researchers have delved into the OE study, some of these are: (Cameron, 1978; Cameron and Whetten, 1983; Campbell, 1977; Dubin 1976; Graham and Gisi, 2000; Gharpade, 1971; Goodman 1979; Gigliotti 1987; Hannan and Freeman, 1977; Kleemann and Richardson, 1985; Mott, 1972; Pennings, 1975; Price, 1968, 1972a). Till to-date no consensus has been developed, regarding the definition of organizational effectiveness. In general, individuals or organizations make their own judgment when they buy stocks, choose a house to buy, or select a university or school etc. (Mukhtar, Islam, and Siengthai, 2013).

It’s important to note that organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce (Etzioni, 1964). According to Richard, Devinney, Yip, & Johnson (2009) organizational effectiveness captures
organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility. According to Gigliotti (1987), a unit which is individually ineffective in terms of cooperation with the rest of the organization is doomed to failure. For some researchers (e.g. Bidwell and Kasarda, 1975; Hirsch, 1975, Katz and Kahn, 1978), effectiveness refers to the ability of an organization to adapt, to fulfill and to alter the expectations of the constituents of the external environment (Mukhtar, Islam, and Siengthai, 2013).

In general, organizational effectiveness (OE) is measured in terms of the ability of an organization or management to respond to threats and opportunities in a timely, effective, purposeful, and accurate manner, with full knowledge of conditions, objectives, opportunities, and threats. That is, an effective organization is able to use its access to historic and real time trends and status information as well as knowledge of alternative strategies available to make decisions at the most appropriate level to achieve the greatest benefit for the organization. Thus, organizational effectiveness is critical to success of any organization in any economy. In order to achieve increased and sustainable business results, organizations need to execute strategy and engage employees. However, in most cases organizations are struggling to get it right.

First and foremost, it's important to note that organizational effectiveness is a commonly used phrase in both research and practice. As a research topic, OE dates back to industrialization and the era of scientific management, at which time, the OE was primarily measured as productivity and/or profits (Goodman, Atkin, & Schoorman, 1983). The OE construct was also called organizational “success” or “worth” and was mainly referring to achievement of goals (Georgopoulos & Tannenbaum, 1957). However, Cameron (1978) pointed out that organizational effectiveness is the proficiency of the organization at having access to the essential resources.

Further, Cameron and Whetten (1983) observed that “Often, terms are substituted for effectiveness such as performance, success, ability, efficiency, improvement, productivity, or
accountability, but some measure of effectiveness is usually what is required. Gaertner and Ramnarayan (1983) defined effectiveness as “…the ability of an organization to account successfully for its outputs and operations to its various internal and external constituencies” (p. 97). Judge (1994) described OE as including the financial performance measures of profitability, sales growth, and/or stock returns but also the “operating performance” measures of market share, productivity, and product quality.

In their research work, Cameron and Whetten (1983) suggested that researchers do the following: recognize the strengths, weaknesses, and assumptions of OE models and use them accordingly; recognize that developing models and frameworks for measuring effectiveness is more useful than trying to develop theories (Abston & Stout, 2006). More definitively, the issue of definitions and operationalization of OE of OE was presented by Kahn (1977), and the substitution of terms for OE was also noted by Cameron and Whetten (1983), but the researcher suspects that the multidisciplinary nature of OE and time have lead to even greater use of those words or phrases instead of OE. Table 2 shows the summary of words and phrases or terms found used interchangeably with OE.

**Table 2.2: Interchangeable Words and Phrases for Organizational Effectiveness**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Word and Phrases [substituted for effectiveness]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgopoulos &amp; Tannenbaum (1957)</td>
<td>Organizational success</td>
</tr>
<tr>
<td></td>
<td>Organizational worth</td>
</tr>
<tr>
<td>Cameron &amp; Whetten (1983)</td>
<td>Ability</td>
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<tr>
<td></td>
<td>Accountability</td>
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<td></td>
<td>Efficiency</td>
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<td>Improvement</td>
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<td>Performance</td>
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<td></td>
<td>Productivity</td>
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<td></td>
<td>Success</td>
</tr>
<tr>
<td>Delaney and Huselid (1996)</td>
<td>Firm performance</td>
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<tr>
<td>Koys (2001)</td>
<td>Business outcomes</td>
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<tr>
<td></td>
<td>Organizational outcomes</td>
</tr>
<tr>
<td></td>
<td>Organizational performance</td>
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Source: (Abston & Stout, 2006)
Other alternative criteria that can be used to measure OE, and which depends on the premise of choosing criteria that are specific to the context of the organization being measure is logical (Lawler, Nadler, & Cammann, 1980; Cameron & Whetten, 1983). A more detailed summary of these criteria found in the literature can also be found in a paper by Abston and Stout (2006).

2.2.8.1 Organizational Effectiveness in Higher Education Institutions

It's important to note that over the last decades, government across the globe have become increasingly determined to make higher education more responsive and accountable to taxpayer - thus the quest for effectiveness is a pressing concern to many universities (Kwan & Walker, 2003; Johnes & Taylor, 1990).

In the last couples of years, research on organizational effectiveness has been widely studied by many researchers (Rojas, 2000). In his research paper on OE, Cameron (1978) described that various effectiveness approaches and models have been developed; however, unfortunately little research has been done on organizational effectiveness in higher education context, which is similar to the findings of Karagöz and Öz (2008). To-date many researchers have explored several indicators for measuring organizational effectiveness, however, few researchers believe that outcomes, results or accomplishment of organizational goals – via Goal Model – can be a useful criterion to measure OE (Georgopolous, Basil S., and Arnold S. Tannenbaum, 1957). However, the goal accomplishment was later found by many researchers to have problem as a measure of OE (Cameron, 1978). An alternative to goal model, the System Resource Model or the Natural System Approach, which describes how an organization interacts with it's surrounding including internal and external environment, and how effectively organization utilizes and grabs scarce resources from its environment, was found to be more plausible (Yuchtman, and Seashore, 1967). In this respect, the resource acquisition is considered to be a major criterion that achievement of goals. Further, according to Steers (1977), organizational effectiveness should be measured in terms of processes carried out in an organization that the final results or outcomes - this approach is known as Internal Organizational Process.
In education context, according to Balci (2001, 17), effectiveness should be measured in terms of student’s development. Other researchers like Clark, Lotto and Astuto (1984) have similarly identified features of an effective academic institution as students’ acquisition of important skills, students’ success and development, learning targets, strong culture, and influential competent academic leadership. In the literature, there is not a single model of organizational effectiveness to fit all organizations. According to Balduck and Buelens (2008), the issue of effectiveness in organizations revolves around four main approaches: the system resource approach, the goal approach, the strategic constituency approach and the internal process approach. Hoy and Ferguson (1985) also came out with effectiveness dimensions that are closely related to systems model, which features students, effective management of teachers, school’s satisfaction and ways in which academic leaders cope with environment, which should be considered while measuring organizational effectiveness. Similarly, Gun and Holdaway (1986) indicated that the most important effectiveness indicator is teachers and student satisfaction, followed by academic development, parents’ satisfaction, grooming of students as responsible citizens, employment of expert staff and finally preparing students for moving in markets and getting good jobs, as building up their professional careers. Baker and Branch (2002) pointed out, the organizations, laboratories and universities that are involved in scientific researches suffer most, because they have to present effective management, behave more responsibly, and do jobs with limited resources in order to improve their effectiveness. In this study we will use Cameron’s (1978) model which seems the most appropriate for studying organizational effectiveness in higher education. Table 2.2: shows some of the key Indicators of Effectiveness in Schools.

**Table 2.3: Indicators of Effectiveness in Schools.**

<table>
<thead>
<tr>
<th>Author</th>
<th>Indicators</th>
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<tbody>
<tr>
<td>Clark et al., (1984)</td>
<td>Powerful educational leadership</td>
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<tr>
<td></td>
<td>Expectation of the students success</td>
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<td></td>
<td>An orderly school climate</td>
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<td></td>
<td>Taking into account the student acquisition of fundamental school skills</td>
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<td></td>
<td>Students development</td>
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<tr>
<td></td>
<td>Sources with respect to fundamental learning targets</td>
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<tr>
<td>Gunn and Holdaway (1986)</td>
<td>Satisfaction of teachers and students</td>
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<td>Academic development in school</td>
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<td>--------------------------------</td>
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<tr>
<td>Satisfaction of parents, environment, their supportive attitude</td>
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<td>Students as responsible citizens</td>
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<tr>
<td>Professional attitude of the teachers</td>
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<tr>
<td>Preparation of the students for employment</td>
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<tr>
<th>Zigalleri (1996)</th>
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<tr>
<td>Selection of qualified teachers</td>
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<tr>
<td>Participation &amp; satisfaction of teachers</td>
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<tr>
<td>Leadership features and relationship of the school teachers</td>
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<td>High family participation</td>
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<tr>
<th>Cheng and Wong (1996)</th>
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<tr>
<td>Support of the environment</td>
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<tr>
<td>Professionalizing of the teachers</td>
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<tr>
<td>Orientation to quality in every field of the school</td>
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<td>High expectations with respect to success.</td>
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<th>Antia (1976)</th>
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<td>Physical facilities</td>
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<td>Manpower development</td>
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<td>Arrangement of the courses</td>
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<td>Cost effectiveness</td>
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<td>Student relations</td>
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<td>Employee relations</td>
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<td>Public responsibility</td>
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<td>Socialism</td>
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<td>Common reputation</td>
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<table>
<thead>
<tr>
<th>Cameron (1978)</th>
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<tr>
<td>Educational satisfaction of the students</td>
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<td>Academic Development of the students</td>
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<tr>
<td>Professional development of the student</td>
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<tr>
<td>Student personal development</td>
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<tr>
<td>Job satisfaction of the faculty</td>
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<tr>
<td>Professional development of the faculty</td>
</tr>
<tr>
<td>System openness and the community</td>
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<td>Ability to acquire resources</td>
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<td>Organizational Health</td>
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<tr>
<th>Lindsay (1981)</th>
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<tr>
<td>Objects and target</td>
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<td>Physical and materialistic sources</td>
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<tr>
<td>Duties and performance of Ass. Professors</td>
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<tr>
<td>Program arrangement and education procedures</td>
</tr>
<tr>
<td>Management, managerial leadership &amp; financial operation</td>
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<tr>
<td>Campus climate and student living</td>
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<tr>
<td>Students’ educational output</td>
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<td>Research and Public services</td>
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<tr>
<th>Webster (1981)</th>
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<td>Reputational Rating</td>
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<tr>
<td>Faculty Members</td>
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<td>Faculty awards and honors</td>
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<td>Student Advancement</td>
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<td>Study</td>
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<tr>
<td>Kleeman and Richardson (1985)</td>
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<tr>
<td>Siddique, Aslam, Khan &amp; Fatima (2011)</td>
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Further, a study by Siddique, Aslam, Khan & Fatima (2011) observed that all indicators should be used to measure institute effectiveness. According to Cheng and Wong (1996) in their research work on Asians schools in which they outlined few effectiveness dimensions as: support of internal and external environment, and professionalizing of teaching staff. Similarly, Sisman (1996) gave features of an effectiveness institute in terms of useful and capable management, students, teachers, strong culture, parental involvement etc. In another study, Gimen (2001) observed similar findings to Sisman (1996), and further stated that the management of an academic institute is the most important dimensions in students’ and faculty’s perception. Kleeman and Richardson (1985) in their study went further to elaborate that effectiveness dimensions as: students programs, research and quality education, research publications, regulating knowledge and information, sports, supporting environment, raising funds, social responsibility as considering minorities and women. Furthermore, Chenhall (2006) pointed out that employees are the important asset of any organization and they should be motivated depending upon the varying context of the organization in which they operates. The motivation factors should include things like: job tasks, career advancement or promotion, increased responsibility on job and recognition by peers or subordinates or management etc. While
extrinsic issues are hygiene factors that emanate from the recognition. These include salary, working conditions, relationships on work, bonuses and incentives etc.

For the faculty members, motivation factors should be provided with proper opportunities for personal growth and development, including challenging and novel teaching experiences, research and publications undertaking, workshops, seminars and conferences arranged for their knowledge and skill development and, undertaking of proper training and development activities. It’s important to note that well motivated faculty’s have ability to earn good local, national and international image for the institution world-wide. That is, by having good reputation and positive image, HEIs can attract brilliant students from across the globe, attract funds, create a strong influencing culture, adapt different useful teaching styles, provide quality education to students, help students grow, and also develop them professionally and personally, That is, effective leaders have to motivate their employees (Siddique, Aslam, Khan & Fatima, 2011; Pounder, 2001).

2.3 Empirical Review

2.3.1 Major elements of external industry structure affecting organizational performance

Porter’s five-force model including the sixth-force of competitiveness can be readily applied to business enterprises, market segments, industries or regions. McElwee and Pennington (1993) claimed that, although Porter’s five-force model of competition was originally designed to consider commercial organizations, it is increasingly relevant to providing an understanding of non-profit educational organizations. This is particularly relevant when higher education institutions behave more like multi-product firms “in which the portfolio of activities is determined by the changing cost of inputs and the changing market conditions for each product range”(Williams, cited in McElwee & Pennington, p.18).

For example, Dobni and Dobni (1996) applied Porter’s five-force model of competition to assess the state of competition in the Canadian university-based business school industry. The authors indicated that Canada’s business schools have become vulnerable to competitive pressures. Strategic reorientation and responses to the competitive pressures, including niche marketing,
new product and market development, strategic alliances, organizational revitalization, total quality management, and a focus on core competences and value-added processes, are anticipated on the part of business schools. Collins (1999) examined the dynamics of higher education using Porter’s five-force model of competition. He noted that the industry analysis could assist higher education institutions in understanding the underlying factors that may change the competition in an industry. That is, it would be extremely helpful for institutions to understand the dynamics of these factors so that they could determine their strategies accordingly. A more recent study conducted by Martinez and Wolverton (2009) used Porter’s five-force model of competition to identify the environmental context in which higher education institutions (e.g., colleges and universities) operate. The authors claimed that Porter’s model, which sets the standard for industry analysis, can complement strategic planning and provide a template by which to view higher education.

In another study by Farahat (2011) using Porter's five-forces model for Competitive Analysis of the Higher Education Sector in Palestine, in his research in which he conducted comprehensive survey that consists of senior management in three universities. In his analysis he came up with two sets of recommendations: one for universities and the other for the Ministry of Higher Education. The researcher recommends that current and potential universities should pay close attention when developing their academic programs and their policies in terms of providing students with higher education services. Further, they should also focus on attracting students via all available ways and capabilities, e.g., through studying the rivalry level among existed universities and analyzing the bargaining power of students and suppliers who contribute in providing any university with necessary resources to sustain its work. That is, it is important to study the possibility of having new competitors at higher education sector and its effect on competitiveness. On the other hand, the other recommendations are delivered to Ministry of Higher Education which includes developing regulations and legal systems that are responsible for the entry of new universities in this sector that matches with its requirements, capacities and required quality standards.

In their research work, Ormanidhi and Stringa (2008) used Porter's model of generic competitive strategies. The main purpose of this research was to discuss the approaches of (Structure-
Conduct-Performance, the New Industrial Organization and Game Theory, the Resource-Based Perspective, and Market Process Economic) in terms of their relations, similarities, and differences relative to Porter's model. The research depended on the comparative discussion to support the use of Porter's model to evaluate firm's competitive behavior and what strategy they choose. The research concludes that Porter's model is considered as an insightful and convenient approach to analyzing the firm's competitive behavior for a number of reasons. These reasons are its popularity, well-defined structure, feasibility, clarity, simplicity and generality (Farahat, 2011).

Similarly, Safia (2004) also used Porter's competitive strategy on "The Evaluation of the Competitive Advantages of the Palestinian Cellular Telecommunications Company- Jawwal". The research methodology was built on the comparative method between Jawwal & the Israeli firms' support activities by using the value chain to indentify the nature of the prevalent competition between the Jawwal, and the Israeli cellular communications companies which operates in the Palestinian Authority territories without being licensed by the Palestinian Authority, and the effect of the Israeli measures against Jawwal on the company's activities. The research concludes that the competitive advantage in the cellular telecommunications service industry depends on many fields, which are (i) Quality of services, (ii) Customer care, (iii) Service development & innovation, and (iv) Human resources. The research concludes that the quality of services on of the important factors, which effects customers' satisfaction Farahat (2011).

Gray (2002) conducted a research study on "Marketing strategy and competitive environment as determinants of business performance" – A study of American manufacturers. The main purpose of his research was to test the impact of five marketing strategy variables of (aggressiveness, defensiveness, adaptability, specializations, and cooperation) and two environmental variables of (Market attractiveness and competitive position) on profitability of large American manufacturing companies. The Linear Structural Relations (LISREL) framework was used to test the hypotheses, which specify positive relationships between those variables and profitability. The aggressiveness is concerned with the interaction between an organization and its competitors, the defensiveness, adaptability, and specialization focus on the interaction between
an organization and its customers, while the cooperation is concerned with the interaction between an organization and other parties in the organization's channel of distribution. In their research findings, they concluded that competitive position and defensiveness have, respectively, about 1.4 and 1.3 times the positive impact of market attractiveness on profitability. Market attractiveness has approximately 1.2 times greater impact on business profitability than does aggressiveness. The impact of adaptability and specialization are relatively less forceful than other significant causal effects (Farahat, 2011).

Chin et al. (2003) similarly undertook a research study on "Comparing the industrial organization view and market orientation". Here the main purpose was to establish the Industrial Organization (IO) view and Market Orientation (MO) as distinct externally oriented strategies that influence firm behaviors and outcomes. It proposes a conceptual framework, which considers the effect of supplier power as moderator of the orientation-performance relationship; the research depended on the comparison methodology to compare between the I/O and MO to better understand business performance. The research concludes that supplier power is a key determinant of the relationship between outcomes of financial, customers, employees and market and I/O orientations, and the supplier power has a moderating effect on the relationship between each orientation and outcomes (Farahat, 2011).

2.3.2 Delta Model

A researcher Enrique Suarez, at the MIT Sloan School of Management, in his research on the Delta Model – states that the model has given rise to powerful business model that reflects the many new ways to compete in the current economy (Suarez, 2005). The Delta Model is designed to offer senior managers a fresh and pragmatic look to critical strategic thinking. When applied to HEIs, it allows educational managers ability to identify new sources of profitability, develop new strategic approaches, establish new directions for their educational institutions, and implement an enhanced strategic agenda. This strategic framework will also allow Educational institutions to gain pragmatic insights on how to: Begin to change from a product-driven orientation to a customer-driven orientation; Utilize “complimentors” to extend your enterprise
network; “De-commoditize” the way you do business by strengthening your customer relationships

2.3.3 Resources and Capabilities (RBV)

A research work by Sirikari & Tang (2006) on industrial competitiveness analysis: using the analytic hierarchy process that they applied on the study of automotive component industry in Thailand to analyze competitiveness in that industry by proposing the Analytic hierarchy Process (AHP) model that applies theories of the Industrial Organizations (IO), and the Resources-Based View (RBV) which are rooted in both strategic management and operations management to study the complex relationship between factors that affect industrial competitiveness. The study concludes that: (i) competitiveness drivers can be classified into two groups. The first group consists of market forces characterized by IO-based theory, or external drivers (bargaining power of buyers, bargaining power of suppliers, potential entrants, and substitute products). The second group encompasses resources and capabilities, or internal drivers found in RBV theory, and (ii) there are five dimensions which can be reliable competitiveness indicators of the automotive components industry. These indicators are: manufacturing excellence, value-added of product, market expansion, financial returns, and intangible values.

Teo, (2002) similarly conducted a research study on "Market Entry Strategies of Wireless Startups" This research is an applied study on the market entry strategies and policies of the wireless industry in United States of America (USA) of five startups, new ventures or companies, which provide different wireless services. The aim of the research was to identify the market entry strategies of wireless startups by using Porter's Five Forces theory and the Resource-Based View (RBV), the research used quantitative and qualitative methods to investigate the subject matter in-depth. The research findings concluded that: (i) the startups are successful at overcoming barriers of entry in their respective markets. Despite the high financial barrier into the infrastructure provision market, these startups erected additional barriers to prevent entry of potential players, (ii) the startups didn't actively undertake any action to overcome the intensity of rivalry because their entry strategies are more defensive than offensive; they seek to protect their markets, rather than attack their competitors, and finally (iii)
the bargaining powers of customers and suppliers were not manipulated to the startups' advantages; all the startups sold to customers with higher bargaining powers than their competitors.

2.3.4 Organization Resources

If the core business of higher education institutions is teaching and research then the organizational framework in which it is delivered represents a key variable in factors that contribute to success (Shatsock, 2003). According to the research findings by Huang (2012), the three major elements in determining the organizational framework were organizational structure, organizational efficiency, and integration of administrative resources.

Organization Structure

In the business world, the structure of an organization has been described as a tree, with the roots representing the president and the board of directors, the branches typifying the various departments and the leaves representing the staff (Chandler, 1988). As for the private HEIs (PHEIs) setup in Kenya, it comprises The Chancellor, The Board of Trustees, The Governing Council with the administrative arm starting from the Vice-Chancellor downwards to the departmental level. That is, there is a clear line of authority indicating where subordinates are accountable to their immediate supervisors. Shatock (2003) notes that the organizational structure varies in different higher education institutions depending on an institution’s age, size, disciplinary mix, and physical location.

Madu and Kuei (1993) in their research findings concluded that to-date many educational institutions are bureaucratic on nature. However, it's well known fact that a top-down bureaucratic structure can lead to effective management challenges e.g., lack of positive and timely feedback from top management and departmental isolation with no connection to the whole. Similarly, the bottom-up is also known to be inflexible once decisions are made.

According to (Madu & Kuei, 1993) many administrators have been known to occupy ill-defined position with varying degrees of power that are often misused – thus resulting in chaotic and
unclear reporting systems with faculty often seeing themselves as mere numbers jostling for their own survival, and not for the institution. That is, if HEIs were to successfully implement their chosen strategy, it's imperative that they device an appropriate organizational structure and design. Such a setup needs to reflect an institution's desired future outcomes, thus creating mechanisms for the measurement of institutional performance, which ensures that faculty members work towards a common organization's objectives and goals, thus with a view to achieve organizational effectiveness.

Organizational Efficiency
From an effective and efficient business perspectives, the ability of HEIs to achieve goals and objectives can be reflected by the level of organization efficiency. An organization is said to have attained efficiency if it’s able to make good use of energy, time, money, personnel and materials to produce desired quality outcomes. In the higher education context, it is most often been measured by indicators such as unit cost for training a student, student-faculty ratios, cost per faculty members, cost per square foot etc. (Cameron, 1978). Further, Huang (2012) in his research on Higher Technical Vocational Education (HTVE) in Taiwan, showed that organizational efficiency does determines the overall performance of higher education institutions, thus the enhancement of administrative efficiency is a critical factor for HEIs.

Integration of administrative resources
As was already noted, with increase in numbers of higher educational institutions in Kenya, especially after the 2013 upgrading of almost thirteen university colleges to fully chartered universities; consequently making competition more intense in this sector for students, teaching faculties and unavailability of resources allocated to institutions to meet their running costs. Thus, these institution must now compete to raise funds required to attract qualified students and staff. Huang (2012) observed that the survival of the institutions in such circumstances depends more on their ability to source for funds with more emphasis placed on the integration of administrative resources within and between institutions with a view to save on costs. In his conclusion, he indicated that organizational efficiency can be improved through the adjustment of organizational structure and integration of administrative resources.
Human resources
We have earlier noted in the text that the core business of education is geared towards the delivery of teaching, experience of learning and in the pursuit of research, innovation and development. In this respect, quality of human capital, the teaching staff, is considered a key critical factor for the success of HEIs in order to create and sustain competitive advantage, and hence, organizational effectiveness (OE). According to Maister (cited in McAleer & McHugh, 1994), human capital in educational context is referred to us the sum total of collective knowledge, experience and competencies of all the staff within an organization. Therefore, in order to gain and sustain competitive advantage, HEIs must be able to manage their human capital as assets built on faculty qualification, leadership, teamwork, job loyalty and finally talent management, and these are some of the factors that the researcher is going to look into in total in the measurement of OE.

Faculty qualifications
We have earlier shown in the literature review that the ability of an organization to acquire and retain competent staff with distinct capability is highly critical for an HEI's survival and its ability to achieve SCA, and hence OE. Thus, in this context, recruiting and training highly qualified teachers and instructors should be a top priority for HEIs, in order to maintain and improve on quality teaching and training within their organizations. In this respect, teachers must not only be rich in knowledge but also should be able to make valuable contribution to existing knowledge (Madu & Kuei, 1993). Huang (2012) in his research findings observed that when HEI's engage qualified and competent faculties – these faculties tend to engage in research and scholarly activities which in the end do contribute to the local, national and international agendas. He also observed that teachers are the most important resources in student instruction – i.e., an organization's ability to acquire and retain competent academically and professionally qualified faculty members, more-so, with distinctive capabilities, can in the long-run lead to a sustainable competitive advantage, thereby allowing an organization to attain OE. Thus, we can state here that having a pool of highly qualified academic staff, is one of the most important sources of competitive advantage for the HEIs. Therefore, in order to attract, acquire and retain highly qualified teaching faculties, HEIs should be in position to provide incentives, so that such
academics can continuously meet the needs of students, employers and government (Yorke, 2000, Huang, 2012).

**Teamwork**
The core concept of teamwork is the dynamic process of working collaboratively with a group of people in order to achieve a goal. Teamwork is often a crucial part of a business, as it is often necessary for colleagues to work well together, trying their best in any circumstance. That is, people will try to cooperate, using their individual skills and providing constructive feedback, despite any personal conflict between individuals (Ezzamel and Willmott, 1998).

In this context, and according to a researcher Sallis (2002), its important that a well-functioning HEIs should consist of a number of overlapping teams, comprising academic and administrative staff – i.e., such a setup have an important role to play in the operation of the educational institutions (Huang, 2012). Here, administrative support units have to team up with academic faculties to obtain the best outcome to the objectives and goal of an organization.

**Leadership**
Leadership is both a research area and a practical skill, regarding the ability of an individual or organization to "lead" or guide other individuals, teams, or entire organizations. In the context of higher education institutions in Kenya (here, universities) the Vice-Chancellors are the senior level decision-makers, where he/she chairs the University Management Board and the Senate – thus providing leadership on issues relating to overall operation of the institution. According to researchers Demoulin & Kendall (1993), they observed that such leaders should posses ability to provide financial & budgetary difficulties solutions, ability to effectively communicate with parents, community, corporate leaders, government, university personnel, staff and students, apart from providing the usual comfort and safety to student and staff. In this respect, their character traits and behavior have a great influence on institution's culture, policies and performance, and thus, organizational effectiveness (Huan, 2012). Such decisions should be carefully based upon market trends and dramatic forces due to internal and external environmental changes – i.e., the Vice-Chancellor, as group leader, must have broad vision and horizon in order to lead the institution to achieve a sustainable competitive advantage and OE.
Shattock (2003) in his research findings observed that an institution leader is considered to be a significant factor in determining the future success of the school. Thus, effective leadership must be spread across an institution in faculties, departments, among academics and administrative support staff, as well as top management. That is, the organizational effective success can only be achieved through effective leadership across institution and in particular at the department level.

**Personnel**

It's important to note here that an educational institution is just like any other business enterprise, and therefore, its success and organizational effectiveness relies heavily on its ability to hire highly qualified and competent staff and, putting the right people with right skills in the right positions in order to build a committed workforce. For example, line and staff are typical categorical classifications in which authority and personnel structure are organized in a company. Line personnel usually are defined as deriving from direct operational activities such as financing, distribution, leadership, and strategic decision making. A manager is a line person. Staff personnel are usually advisory and facilitative in nature for the line personnel. An accountant is a staff person to upper management because accounting advice is given. Thus line personnel contribute directly to the firm’s objectives, while staff contribute indirectly to the accomplishment of these objectives by advising and facilitating the execution of such objectives.

In fact, effective performance of the staff function is necessary to realize, the following: (i) Efficient performance of other functions; (ii) Effective use of technology and other resources; (iii) Optimum utilization of human resources; (iv) Development of human capital; (v) Motivation of human resources; and (vi) Building higher morale. In a study by Huang (2012), he observed that, in effect, institutional performance is closely related to the positive attitude of personnel staffing. That is, to achieve the best outcome, its imperative that HEIs should have the right people, in right place at the right time, in terms of qualification, competence, ability and potential. And that such personnel should be recruited competitively. In this respect, its important to match the right person to the right position, is an acknowledged and critical factor for HEI's success – in other words, every teacher needs to be assigned to a position that fits their
expertise, competence, and which allows for them to perform to the best of their abilities (Huang, 2012).

**Job loyalty**

Employees are a fundamental resource for any business. They represent a considerable investment in terms of recruiting and training costs, as well as salaries and benefits. Businesses incur a considerable expense if they need to replace an employee. In such case, employee job loyalty is the extent to which the personnel are faithful to the organization, having feelings of bonding, inclusion, care, responsibility and devotion towards the success of it. It can also be described as the extent to which there is a general willingness among employees to make an investment or personal sacrifice for the good of the organization. Huang (2012) in his research findings observed that many of the respondents expressed their belief in the importance of staff loyalty to the institution, in addition to their commitment to teaching, research, and service to the community. In this respect, job loyalty is when commitment to the institution is high, therefore, its critical that HEIs invest in staff development, which should lead to the organization enjoying the benefits of higher morale, higher job loyalty and reduced turnover.

**2.3.5 Financial Resources**

Financial resource is the money available to a business for spending in the form of cash, liquid securities, credit lines and capital investment. Before going into business, an entrepreneur needs to secure sufficient financial resources in order to be able to operate efficiently and sufficiently well to promote success. In this respect, HEIs must be in possession of sufficient financial resources in order to effectively fulfill their commitment and obligation to students, staff and other third parties. Thus, effective management of organization's financial resources ensures the future of the institution, this involves three basic financial management activities: safeguard the financial assets, maintain appropriate internal control structure, and budgeting and monitoring expenditures. Therefore, the institution’s financial resources play a key and critical role in sustaining the achievement of its educational objectives and in furthering institutional improvement now and in the foreseeable future. Consequently, lack of financial resources makes
it impossible for an HEI to achieve its desired objectives and goals, or the possibility of achieving OE (Huang, 2012).

Financial planning and budgeting
An organization's financial planning should include budgets for operating and for capital. Thus, effective financial management is an ongoing process that features a cycle of good management habits. The financial management cycle is completed when board and staff leaders use the results of their analysis of the accurate and contextual reports they have received during the year to inform their plans going forward. Financial planning, in essence, is budgeting. In the educational context, the purpose of financial planning and budgeting is to ensure that the money invested in institution is prudently used and appropriately allocated for organizations benefits – and that owing to the limited financial budget, its imperative for institutions to set the priority for any investments (Huang, 2012). That is, financial budget planning is essential for effective organizational financial success. Therefore, financial planning and budgeting should occur on an ongoing basis, should be realistic, and must be based on vision and mission of the institution in meeting its objectives and goals.

Financial implementation
For effective implementation of financial resources, its very important to build and deploy financial management systems to implement planning, budgeting, control and monitoring of such activities. Without such a system in place, Huang (2012) observed that several privately-owned institutions often suffer serious financial problems such as the misuse of budgets or failure in investments. Thus, leading to suffering of the teachings rights of academics, the student's right to learn and be taught, and the working rights of support staff being seriously hurt. Its also important that financial systems be further rationalized and be made more transparent in order to achieve financial sustainability.

2.3.6 Physical Resources
The institution's physical resources unit is responsible for planning, construction, development, renovating, operating, maintaining, repairing and cleaning the institution's facilities and
maintaining the grounds, roadways and parking lots. For educational institutions, its usually
dedicated to creating a healthy, safe, supportive and inspiring physical environment conducive to
study, learning, research, work and play. It's also dedicated to foster and enhance environmental
and energy efficient practices of organization property. Thus, the quantity and quality of physical
resources owned by HEIs' is considered important because “students might not be able to tell
how good or bad the teaching quality is, but can feel that the physical infrastructure is being
improved” (Huang, 2012). This is also consistent with Price, Matzdorf, Smith and Agahi (2003)
who claimed that the quality of campus facilities is perceived as having an important influence
on students’ choice of institution.

Campus location
As was earlier noted through literature review, for example, Donaldson and McNicholas (2004)
argued that the reputation, nature of the courses, location and address, financial considerations,
facilities, social climate of the department, program structure and accreditation factors does
influence student choice of institution and courses for post graduate studies. Yamamoto (2006)
researched the factors which are effected in the university evaluation-selection, and found that
“in the large city like Istanbul with a population of more than 10 million people, proximity to
home, easy transportation inform the key critical factors in selecting a university.” While Persson
(2007) in his research found that the location is one of the most important physical internal
resources of a university. Similarly, Lindong (2007) said, “If the location of the college is close
to a housing area, it will be a big advantage for them”. In-effect, the location of the campus plays
an important role in attracting and motivating students to enroll and staff to join the institution.

Furthermore, according to Russell Group in 2010 report about universities, they contended that
universities also make a key contribution to the cultural and intellectual life of their local
communities, helping to make them attractive locations for international businesses and their
staff. In a thesis about MIT’s success, it found that its campus location is one of the MIT’s key
success sources besides that of faculty-student quality, endowment and reputation. This can be
closely backed by a recent study by The American Institute for Economic Research (AIER 2015)
which ranked the country’s top college towns for 2014-2015, based on student life, economic
health, culture and opportunity. It found that the College towns tend to have stronger local
economies than cities of a comparable size, thanks to the stable demand for real estate from students and the relatively recession-proof field of higher education. They also tend to have a relatively low cost of living.

Similarly, Huang (2012) also observed that the right location attracts not only more students but also excellent academic staff, thus ensuring the revenue of the institution, and hence, its future prospects of growth and survival. This is critically important particularly, in the case of private institutions, because its tuition fees are often higher than their public counterparts who, for example, in Kenya do receive capitation from the exchequer. Other key factor, that also affects HEIs, is the inability to obtain sizable pieces of land in metropolitan areas, which have also resulted in several newly established institutions locating in less attractive locations – thus demarketing them.

**Campus facilities, teaching and infrastructure facilities**

All is not lost, in cases where an institution finds itself in disadvantage location, such institution can make efforts to improve on physical facilities like accommodation, playing & games fields, and technological infrastructure, thus creating a modern learning environment with a view to counteract the negative effect of its location (Huang, 2012). Students, in general tend to have a sense of improvement of physical equipment and facilities as they're tangible and visible in nature. Such improved facilities tend to foster a strong sense of community among students and staff, and thus meet a variety of specific needs for shared space.

Teaching and research infrastructure is also critical for HEIs, thus investment on teaching and research is strategically important in seeking a competitive advantage, this include: lecture rooms, laboratories, library and electronic resources, among other assets. According to Madu & Kuei (1993), such facilities must be maintained at all times in order to ensure that students and teachers have access to good learning and teaching conditions.
2.3.7 Marketing Capabilities

Marketing is a key component of any business activity and which must be undertaken for the success and growth of the business. In the context of education institutions who normal undertake to marketing to attract students, which can be in the form of media promotion, and scholarship and financial aids offering. In this case, HEIs who seek to attract students should develop marketing plan indicating how they can provide prospective students with innovative programs and services. According to Discenza, Ferguson and Wisner (1985), such student prospectus or guide should contain complete information regarding institution's ability to meet students needs. Participation of students in off-campus activities is another key attraction for prospective students and must also be emphasized in the marketing booklet. Similarly, students wants to know if the institution undertake strategic partnerships with related higher education, businesses etc. which is valuable in cases of using outside research facilities or for students' attachment and related training. It is reported that the most common forms of strategic alliances are resource sharing, course sharing, co-operation on academic research, and institution-industry partnerships (Lee, 2007).

2.3.8 Curriculum design & Quality and R&D capabilities

The above are key components of any HEIs. The major elements of effective R&D are due to the ability of the HEIs to offer comprehensive and high quality professional curriculum development, and its ability to secure large research funding and projects from government and private business enterprises. According to McPherson & Schapiro (1998), curriculum has ability to distinguish one institution from another. As such, curriculum design should take into consideration aims and objectives for teaching and learning, intended learning outcome, syllabus, learning and teaching outcome, and performance assessment. Similarly, the quality of product offered should be monitored and reviewed periodically. Further, the rangers of majors and degree programs offered, should aim at preparing the students for employment and should ensure that they have the skills and knowledge the to-days industry requires. Professional curriculum does prepare students for employment in specific professions like accounting, medicine etc., and thus must be developed in full collaboration with relevant government and regulatory agencies.
2.3.9 Student Performance

According to Barnett (1992), students are known to be at the receiving end of, and participates in, the process of education. Therefore, from production point of view (cf. our earlier modified RBV diagram, Fig. 2.4), students and their learning outcome are the output of the educational systems, and thus should be regarded as part of the institutional performance. Such a performance should include: percentage of graduates pursuing further studies, employment rate of its new graduates, pass rate on degree and related certificates examination offered by HEI. Another critical factor in student performance is their professional knowledge and capabilities of graduates.

2.3.10 Employee Job Performance

Employee job performance is very critical for an organizational overall effectiveness in performance, and which is closely linked to how effective such employee is engaged in their assigned job-task. Bakker et al. (2008) in his research in this subject have come up with four reasons why engaged workers perform better than non-engaged workers. Engaged employees: (i) often experience positive emotions, including happiness, joy, and enthusiasm; (ii) experience better psychological and physical health; (iii) create their own job and personal resources (e.g., support from others); and (iv) transfer their engagement to others. Whereas positive emotions broaden people’s thought-action repertoire (Fredrickson, 2003), good health leads to good performance because individuals can use all their mental and physical resources (skills, abilities, knowledge, etc.). Bakker & Demerouti (2007) similarly showed that employees who are able to create their own resources are better placed to deal with their job demands and to achieve their work goals. Finally, in most organizations, performance is the result of the combined effort of individual employees. It is therefore conceivable that the crossover of engagement among members of the same work team increases performance (Ahuja, 2013).

Unfortunately, to-date only a few studies have examined the relationship between work engagement and job performance (Bakker & Demerouti, 2007). Nevertheless, the results obtained so far in literature review look promising. Bakker, Demerouti, and Verbeke (2004) showed that engaged employees received higher ratings from their colleagues on in-role and
extra-role performance, indicating that engaged employees perform well and are willing to go the extra mile. Gierveld and Bakker (2005) found that engaged secretaries scored higher on in-role and extra-role performance and had more influence on daily business. They were more often asked to carry out additional tasks, including personnel pre-selection, the organization of trade exhibitions and conventions, and website maintenance. Salanova et al. (2005) conducted an important study among personnel working in Spanish restaurants and hotels. Contract employees from over 100 service units (hotel front desks and restaurants) provided information about organizational resources, engagement, and service climate. Furthermore, customers from these units provided information on employee performance and customer loyalty. Structural equation modeling analyses were consistent with a full mediation model in which organizational resources and work engagement predicted service climate, which in turn predicted employee performance and then customer loyalty (Ahuja, 2013).

Bakker et al. (2006) similarly conducted a study on engagement and performance among 105 school principals and 232 teachers. Their study showed significant and positive associations between school principals’ work engagement scores and teacher-ratings of school principals’ performance and leadership. In addition, engagement was strongly related to creativity; the higher school principals’ levels of work engagement, the better they were able to come up with a variety of ways to deal with work-related problems. Finally, engaged school principals were seen as transformational leaders – being able to inspire, stimulate and coach their co-workers (Ahuja, 2013).

Staff Performance

In educational context, Marsh & Hattie (2002) observed that key critical responsibility of an educational system is a transformation system/production process consisting of "activities performed to disseminate knowledge, to conduct research and provide community service" (Gupta, cited in Sahney, Banwet & Karunes, 2004, p.152). In this respect, staff performance should emphasize practical experience, collaboration with industry, and involvement in research as well as teaching (Huang, 2012).
2.3.11 Institution-level Performance

Under the institutional-level performance we are mostly interested institutional ranking against other competing schools. The key indicators here are: institutional culture; graduate/alumni evaluations; institutional distinctiveness; magazine/Internet rankings; community service; holistic education development, professional education; and industry evaluation. These factors serve as a framework for describing the current status of HEIs and as a measure for measuring its competitive advantage (Huang, 2012). According to (Stolp & Smith, 1995) the culture of education institution informs all the students and staff of what is truly important and how they behave within and outside the institution. Engagement with alumni is key critical factor for competitive advantage, as they serve as a valuable channel for the distribution of information that could influence the opinion of the families and peers of potential students. Community service, similarly, plays an important role in students life and has long been viewed as necessary to foster socially responsible attitudes in students and thus to empower them to help create a better world (Alliance for Service-Learning in Education Reform, 1993, p. 71; Huang 2012). Institution reputation is another key component of measuring institutional performance, it also plays the key role in influencing students choice of the school (Nguyen & LeBlanc, 2001).

2.3.12 Stakeholders Engagement

Higher educational institutions are made of many building blocks. Bricks and mortar are used to fashion quads, classrooms, and research laboratories. The spaces are designed to welcome students, invite interaction, and support scholarship. However, institution's still need to engage all related stakeholders for their long term survival (Niyitegeka & Glitho 2013). Jongbloed, Jürgen and Salerno (2007) state that “the legitimacy of higher education to society is increasingly evaluated by the level and quality of the HEIs commitment to its community of stakeholders and is inherently of greater depth than any simple maintenance of contacts. In other words organizations should find ways and the means of involving the stakeholders so as to best perceive how the latter value the services provided and how best to improve them.” In today's experiential society the community of stakeholders are increasingly playing an active role in the validation process of the products service coming out the HEIs, in this case students and research findings, and which does consequently influence on their operations (Dobni and Luffman, 2003).
Research on the relationships between HEIs and their stakeholders remains recent and exploratory, with the majority of studies only featuring conceptual approaches – adapting theories from other fields to explain this dimension, which is still relatively unknown to both academics and those responsible for university management (Alves, Mainardes & Raposo, 2010). Such stakeholders engagement include: students, staff, government and governmental agencies, community and industries, which this research study will seek to quantify.

### 2.3.13 Empirical Studies of Organizational Effectiveness

Performance measurement is essential for determining an organization's effectiveness. In the final analysis we can conclude that in this research we will be able to measure organizational effectiveness when such key performance indicators like: Communication of vision to employees & their buy-in of the vision; Employee commitment; Leadership effectiveness; Communication effectiveness; Employee care; Sense of accountability for results; Customer centricity; Customer satisfaction; Growth and survival; Organizational learning & innovation have measured and monitored and controlled as observed earlier this section is accomplished.

It's critical to bear in mind that performance measurement is essential for determining an organization's effectiveness. As was observed in the theoretical studies, considerable research continues to be conducted to increase our understanding of the complex nature of organizational effectiveness (OE) in higher educational institutions which draws its origins in the U.S. (Cameron, 1981). The approach which is mainly based on the perceptions of senior academic and administrators about their institutions was tested and extended in Australia (Lysons and Ryder 1988; Lysons 1993) and the U.K. (Lysons and Hatherly 1992, 1996) and in Netherlands by (Lysons & Hatherly, 1998).

According to Pounder (2001) to be effective, universities need to be adept at managing simultaneously a variety of apparently paradoxical organizational pressures – i.e., it requires leaders capable of managing competing priorities. Similarly, Ramsden (1998) suggested that leadership in universities is "about tensions and balances" – that is, drawing from Kotter's (1990) leadership-management distinction, Ramsden argues that university leadership requires leaders
capable of producing change, aligning people and motivating them whilst simultaneously engaging the management function of keeping the organization on time and within budget (Ramsden, 1998). In general, studies of university organizational effectiveness indicate a strong link to both the transformational and transactional leadership constructs comparing the new leadership movement as envisaged by researchers (Bryman, 1992; Gardner and Cleavenger, 1998). Further, Dill (1992) in his study, cited literally dozens of initiatives that focuses on the management and improvement of institutional quality, of which there is abundant evidence to that effect, that the most powerful factors associated with the organizational effectiveness or quality of HEIs (universities and colleges) tend to be those under the control of campus leaders (Cameron, 1986; Cameron and Tschirhart, 1992; Smart, Kuh, and Tierney, 1997; Winn and Cameron, 1998; Smart, 2003), see Table 2.4 for the summary.

### Table 2.4: Criteria and Data Collection Methods for Measuring Organizational Effectiveness in HEIs

<table>
<thead>
<tr>
<th>Authors</th>
<th>Criteria</th>
<th>Data Collection methods</th>
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| Cameron (1981)           | 1. Student educational satisfaction  
                          2. Student academic development  
                          3. Student career development  
                          4. Student personal development  
                          5. Faculty and administrator employment satisfaction  
                          6. Professional development and quality of the faculty  
                          7. Systems openness and community interaction  
                          8. Ability to acquire resources  
                          9. Organizational health | Questionnaire            |
| Lysons & Hatherly (1998) | 1. Academic (Resources Acquisition, Quality, and Student Academic & Personal Development),  
                          2. Morale (Student & Staff Satisfaction, and Organizational Health), and  
                          3. External (Student Career Development & Systems Openness)            | Questionnaire            |
                          2. Quality,  
                          3. Cohesion,  
                          4. Adaptability–readiness,  
                          5. Information management-communication,  
                          6. Growth,  
                          7. Planning–goal setting,  
                          8. Human resources development, | Questionnaire            |
<table>
<thead>
<tr>
<th>Study</th>
<th>Variables/Questions</th>
<th>Methodology</th>
</tr>
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</table>
2. Organizational culture (Cameron and Ettington, 1988)  
3. Competing values framework (Quinn, 1988; Hart and Quinn, 1983) | Questionnaire |
| Makmee, Sujiva & Kanjanawasee (2010) | 1. Educational satisfaction  
2. Academic development  
3. Faculty member’s satisfaction  
4. Professional development  
5. System openness and community interaction  
6. Ability to acquire resources and money  
7. Goal attainment  
8. Internal process management  
9. Learning and development. | Questionnaire |
| Siddique, Aslam, Khan & Fatima (2011) | Students  
Faculty satisfaction | Questionnaire |
| Blekic (2011)                 | 1. Student educational satisfaction  
2. Student academic & personal development  
3. Student career development  
4. Capacity to maintain or expand resource base  
5. Faculty, administrator & staff employment satisfaction  
6. Professional development and quality of the faculty  
7. Systems openness and community interaction  
8. Resources for quality programs, faculty and students  
9. Organizational culture and health  
10. Ability to acquire, save and use resources effectively  
11. Ability to overcome financial difficulties | Questionnaire |
| Ashraf, Kadir, Pihie & Rashid (2014) | 1. Student educational satisfaction  
2. Student academic development  
3. Student career development  
4. Student personal development  
5. Faculty and administrator employment satisfaction  
6. Professional development and quality of the faculty  
7. Systems openness and community interaction  
8. Ability to acquire resources  
9. Organizational health  
10. Technical innovation  
11. Administrative innovation | Questionnaire |
In studying OE there are other explanatory variables that are commonly used in the discriminant analysis that may be selected because they often found in other research to have some relationship to organizational effectiveness. These variables are usually grouped into the following five categories: perceptions of organization structure and dimensions of the external environment; the strategic emphases of top administrators; organizational goal preferences; financial indicators; and organizational demographics Cameron (1981). A more detailed summary of these criteria for OE in HEIs found in the literature can be found in a paper by Cameron (1981).

From his earlier study, Cameron (1978) stated that there is no one single model that can used to measure organizational effectiveness, since it is multidimensional field, therefore, one has to measure all the underlying variables to measure it. That is, further contextual factors needs to be considered before selecting any organizational effectiveness criteria. Furthermore, in most cases context do vary across countries and even within county, therefore, if one factor proves to be successful at one part of the world but may prove to be futile in other.

A research study by Lysons & Hatherly (1998) on organizational effectiveness in HEIs in the UK and Australia (Lysons & Hatherly, 1992))which closely followed the works of Cameron (1981, 986) in the USA. The UK study undertook the surveys of the perceptions of senior academics and administrators from a broad cross-section concerning their own institutions – the results obtained were highly consisted with those of Cameron. That is, the study empirically derived and confirmed nine effectiveness dimensions. The subsets of these dimensions described academic (Resources Acquisition, Quality, and Student Academic & Personal Development), morale (Student & Staff Satisfaction, and Organizational Health), and external (Student Career Development & Systems Openness) orientations of higher educational institutions (Lysons & Hatherly, 1998). Further, they correspondingly defined a typology of four institutional groups, i.e.; prestigious scholarly, prestigious internal turmoil, professional/technical, and local/regional universities.

In the Australia study Lysons & Hatherly (1998), they tested and extended Cameron's dimensions in HEIs (Lysons & Ryder 1988, 1989), here they explored their ability to predict
Australia's generic groupings in existence until the 1990s (Lysons 1990a, 1990b0, and confirmed reliability and validity through replication (Lyson, 1993). The results from the Australian showed somewhat mixed in terms of the OE dimensions leading to the conclusion that professional administrators should exercise caution if attempting to extrapolate Cameron's results directly to Australian institutions (Lysons & Ryder 1988, 1989). However, it was further observed that Australian study produces a meaningful outcome when reinforced with organizational climate dimensions (Jones and James 1979) resulting in eight dimensions, e.g., the "Professional development and quality of staff" and "Student personal development" were sustained while the "Ability to Acquire resources" split into separate resources dimensions relating to "Quality students" and "Extra financial for research and scholarship".

A research conducted by Kraipetch, Kanjanawasee & Prachyapruit, (2013) on organization effective of public higher education institutions in Thailand with sample population of 41 participants comprising: administrators, faculty members, and supporting staff. Their data collection methodology was via documentary study, interviews, observations, and inquiry using assessment form. For data analysis, they sued descriptive statistics and content analysis. In the measuring OE, they used 6 components comprising 21 indicators (Kraipetch et al., 2013): Component 1 is instructional management with 6 indicators: 1) curriculum development and administration; 2) learner-centered instructional management; 3) development of learning supportive materials; 4) student development; 5) Involvement of internal and external individuals in instructional development; 6) quality of the graduates. Component 2 is research with 3 indicators: 1) research development; 2) research knowledge management; 3) research for instructional development. Component 3 is academic service for society with 1 indicator, i.e. development of academic service for social benefits. Component 4 is preservation of art and culture with 1 indicator, i.e. promotion and support for preservation of art and culture. Component 5 is organizational administration and development with 8 indicators: 1) development of organization strategic plan; 2) organizational development toward learning organization; 3) development of faculty members and supporting staff; 4) role performance of organization’s administrator 5) Use of information technology for administration; 6) financial and budget administration; 7) organizational risk management; 8) internal system and mechanism development for education quality assurance. Component 6 is development toward excellent athletics with 2 indicators: 1) athlete development; and 2) coach development.
Kraipetch et al., (2013) in their study observed that their chosen components are integral to the implementation based on organizational mission, and does agree to the notion of organizational effectiveness measurement and evaluation model offered by Clott (1995), Kwan and Walker (2008). The evaluation strategy allows an organization to examine its performance, if and how, the intended goals are attained by adopting the system concept conforming to Eekwarangkul (2007). Moreover, organizational effectiveness evaluation should be undertaken in line with the PDCA Cycle. In their study, Kraipetch et al., (2013) concluded that to attain organizational effectiveness the institution should undertake the following: Policy and process should be put place to promote and support use of evaluation process in supervision, monitoring, and investigating the implementation of organization mission on a systematic and continuous basis; Organizations should have their administrators, faculty members and, supporting staffs trained in conducting organizational effectiveness evaluation systems prior to actual use; Administrators should grant, promote and, create opportunities for all faculty members and supporting staffs to involve in organization’s implementation, as well as in evaluation and decision making to adequately and comprehensively utilize evaluation results; Staffs at all levels are subject to evaluation capacity building constantly and extensively. Finally, there should be research to develop an evaluating capacity building model for administrators, faculty members, and supporting staffs in higher education institutions (Kraipetch et al., 2013).

Ashraf, Kadir, Pihie & Rashid (2014) in their research study on the relationship between organizational innovativeness types and organizational effectiveness in private universities in Iran. They used Cameron's nine dimensions (Cameron, 1981) plus technical innovation and administrative innovation. In their results, they observed that both technical and administrative innovations positively and significantly predicted organizational effectiveness. Thus, universities must implement administrative and technical innovations to improve organizational effectiveness. They further observed that each type of innovativeness affects different aspects of organizational performance.

A research study undertaken by Blekic (2011) observed that the dimensions identified in Cameroon's study (Cameron, 1982 p.8) can be grouped in three domains: environmental, social,
and economic, as shown in Table 2.5. Blekic also showed that there exist three additional characteristics that were not addressed in Cameron's questionnaire which showed a total of nine dimensions, see Table 2.4 above.

**Table 2.5: Factors influencing effectiveness in Public HEIs education institutions grouped by domain.**

<table>
<thead>
<tr>
<th>Universities as Environmental Systems (External) Domain</th>
<th>Universities as Social Systems (Internal) Domain</th>
<th>Universities as Economic Systems Domain</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Government including members of the State Board of Higher Education</td>
<td>Faculty, staff and administrators: morale, workplace satisfaction, turnover, compensation</td>
<td>Revenues: tuition, state appropriations, auxiliary revenues, increased research funding, gifts, endowments, public/private partnerships, partnerships with local governments.</td>
</tr>
<tr>
<td>Local Government</td>
<td>Organizational culture</td>
<td>Expenditure: accountability, regulations, technology, competitions between institutions, operational inefficiencies, administrative lattice and academic ratchet</td>
</tr>
<tr>
<td>Employers/Businesses</td>
<td>Students</td>
<td></td>
</tr>
</tbody>
</table>

The dimensions implemented by Blekic (2011) will be applied in this research study in relation to private HEIs. The principal purpose of this research is to explore to what degree institutional effectiveness allows private HEIs to operate in a sustained manner, and thus gain sustainable competitive advantage, thus allowing it to be in business over a long period of time while meeting the needs of their constituencies. Here Internal constituencies, which comprise social systems domain, include: faculty, administrators and professional staff. Their importance stems from the fact that they are central to an organizational performance (Van de Ven & Ferry, 1980), and thus can influence its effectiveness. The external constituencies, represented by environmental system domain, consists of: students, board of higher education members, state and local government officials and employers (businesses and non-profits).
2.4 Summary of Literature and Research Gaps

Considering that the HEI is now practically inserted in a competitive market, competition is stimulated by the governments and for the need of growth, the way for the survival for this organization will require effective strategic management of challenges touching on competitiveness (Tam 2007), associated with a professional leadership, with a more entrepreneurial vision (Wong, 2005; Mainardes et al., 2011).

In developing strategies in an HEI, there is a need to start from their competitive advantages, it should then consider coalition (or hybrid) of knowledge of the several theories, as we have looked into that explain the business strategies. In particular, four theoretical approaches come as significant contribution for the strategic management in education organizations: the Theories of Competitiveness (in the Industry and Territorial), the Theory of the Resources and Capabilities or RBV, the Delta Model and the Stakeholders theory, and finally how best to handle talent management to gain and sustain competitive advantage.

The adaptation of these theories for the educational context is the basis of the proposed model. According to the configuration of the model, three different analyses are observed accomplished by the managers of the HEI. One of the analyses is the evaluation of the external factors to the institution, based on the Porter's Theories of Competitiveness in the industry (Porter, 1979, 1980 1985) in combination with the Territorial Competitiveness i.e., how does the location of the HEI affects its competitive advantage (Storper, 1997, Cooke 2001). Considering the environment where the educational institutions are inserted i.e., the marketplace, it is the responsibility of the managers (Mainardes et al., 2011): to deepen its understanding regarding the new types of HEI that appear at the market, as virtual universities or corporate universities (McElwee and Pennington, 1993); to establish the rivalry level among the HEI that directly compete with the analyzed institution (Mok, 2003); to understand the reasons of choice of an HEI on the part of the student-customers (McElwee and Pennington, 1993); to evaluate the restrictions and openings allowed by the government regulation and other regulatory organization in relation to the higher education (Michael, 1997); to identify correctly that type of generic strategy their
direct competitors use (Tam, 2007); to evaluate the relationship and contribution of the institution to the society (Cooke 2001), and to identify the relationships that the HEI maintains with the companies and governments, preferentially of local base (Storper 1997); to evaluate the how effective their total customer solutions (Suarez, 2005); Here, the results of these analyses is expected to take into the understanding of the environment (and/or location) where the HEI is inserted and operated; in-effect allowing the identification of those competitive advantages the HEI has before the evaluated external factors.

The analysis accomplished by the managers of HEI will be based on the Theory of the Resources and Capabilities (Wernerfelt, 1984, Barney 1991), in relation to the internal factors. A wide evaluation of the resources and capabilities present in the institution that allows for the establishment of the competitive advantages of the HEI, generated from the distinctive competences and capabilities of the educational organization (Blois 1983). These distinctive competences come from several factors (Miller and Chen, 1996; Roth, 1996; Voss et al., 1997; Mazzarol and Soutar, 1999; Miller, 2002; Lam and Pang 2003; Mainardes et al., 2011): Educational services offered (courses and supporting services); Physical infrastructures, technologies and location of the HEI; Capabilities of the human resources of the HEI (professors and other collaborators), and their effective management; Organization of HEI for use of physical, human and financial resources available; Capability of the HEI to innovate and organizational learning; Recognition of the distinctive competences of the HEI; To identify effectiveness the HEI manages their talent pool; Focus on the market and organizational culture of the HEI; and Reputation and brand of the HEI.

The final analysis is the several publics' identification involved with the HEI, orientated by the Stakeholders Theory (Freeman 1984; Whittington 2002; Clarkson 1995; Gregory 2000; Grundy 2005; Mainardes et al., 2011). Here we'll seek to determine the stakeholders involved with the HEI is a fundamental step in the establishment of the competitive advantages of the teaching institution, as well as to identify the needs of these stakeholders and to offer means of supplying them. To assist these individuals' needs or groups is an important competitive component for an HEI (Dobni and Luffman 2003; Mainardes et al., 2011). Among the possible stakeholders, it can be mentioned: Students, potentials students, former-students, students' parents; Educational and
internal collaborators; Employers and class entities; Governments, regulators and investigation agencies; Local community and society as a completely; other (suppliers, other HEI, etc).

In general, it is the management of the HEI who clearly define these stakeholders and the requirements to satisfy their needs (Lam e Pang, 2003). To achieve the analyses, the managers of the HEI are expected to use indicators to allow establishing indexes that measure the context of each variable and its contribution in the competitiveness of the institution, ad here the researcher will use Balance Scorecard. To make these measures, it is suggested that empirical studies be taken to identify the ideal indicators to contribute to the operationalization of the proposed model, and the indicators found will be adapted for the context of each HEI. It is assumes, that as a result of the four analyses, the managers of HEI will be in a position to identify the competitive advantages of the institution.

2.5 Conceptual Framework

“A conceptual framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this” (Kombo & Tromp, 2006). The conceptual framework used for this research draws upon theoretical concepts and historical contexts of strategy and competitive advantage. The conceptual framework is used to link the relationships between external industry structure, internal resources, and strategy types with institutional performance. The hybrid of strategic management theories have been used extensively to analyze the factors of competitive advantage that allow a firm to achieve superior performance. These strategy is reviewed and applied in this study, and which have been used in many studies related to strategic management and has been helpful in enriching the understanding of strategy in a number of industries in relation to organizational effectiveness (Huang, 2012; Cameron, 1978; Grunder, 1991; Welsh & Metcalf, 2000; Hofer & Schendel, 1978; Bridoux, 2004), and here applied to PHEIs. Now, here we look at this proposed model which is derived of literature review of past scholars that has been performed in various researches which related to competitive strategies, RBV, Stakeholders engagement as the (independent variable) and competitive advantage & organizational performance as the intervening variables. Finally, organizational performance will eventually impact on the
organizational effectiveness. Figure 2.8 adapts the conceptual framework to the elements that have just bee discussed.

![Conceptual Framework]

**Fig 2.9 Conceptual Framework**
Sources: (Author)

### 2.6 Summary of Reviewed Literature

In particular, the four theoretical approaches come as significant contribution for the strategic management in higher education organizations: the Porter's theories of competitiveness (in the Industry and Territorial), the theory of the resources and capabilities (RBV), the Delta Model, and the Stakeholders theory, and finally how best to integrate talent management to gain sustainable competitive advantage. The adaptation of these theories for the educational context is the basis of the proposed study. According to the configuration of the model, three different analyses will be undertaken in view of the managers of the HEI. One of the analyses is the evaluation of the external factors to the institution, based on the Theories of Competitiveness in the Industry (Porter, 1979, 1980 1985) and Territorial Competitiveness i.e., how does the location of the HEI affects its competitive advantage (Storper, 1997, Cooke 2001). The results of these analyses is expected to take into the understanding of the environment (and/or location)
where the HEI is operated; allowing the identification of those competitive advantages the HEI has before the evaluated external factors. The analysis accomplished by the managers of HEI will be based on the Theory of the Resources and Capabilities (RBV) (Wernerfelt, 1984, Barney 1991), mentioned in the model as internal factors. This would include a wide range evaluation of the resources and capabilities present in the institution that allows for the establishment of the sustainable competitive advantage of the HEI, generated from the distinctive competences of the educational organization (Blois 1983).

The Delta Model analysis will seek to determine how effective does the HEI provides the total customer solutions (Hax, A.C. and Wilde II, D.L., 2003). The final analysis is the several publics' identification involved with the HEI, orientated by the Stakeholders Theory (Freeman 1984). Here we'll seek to determine the stakeholders involved with the HEI as a fundamental step in the establishment of the competitive advantages of the teaching and research institution, as well as to identify the needs of these stakeholders and to offer means of supplying them. To assist these individuals' needs or groups is an important competitive component for an HEI (Dobni and Luffman 2003).

In the research study, the researcher seeks to marsh-up the four strategic frameworks into Balance scorecard. The Balanced Scored Card (BSC) technique (Kaplan and Norton 1993, 1992 & 1996) will be used to measure the competitiveness of the firms working and management of HEIs, in this case Kabarak University. The BSC will help us to relate, via a performance index, the traditional financial measures, and how it should be supplemented with operational measures concerning customer satisfaction, internal structure, processes and the ability to innovate. These four measures would assure future financial results, and drive the organization towards its strategic goals while keeping all four perspectives in balance. It's important to note, that financial performance indicators are always lagging indicators. Some of the indicators to be measured are: return on investment, profitability, revenue growth, cost reduction and exportation. The customer perspectives typically include several common outcomes measures. These are customer satisfaction, customer acquisition, and customer retention and market share in targeted segments. It’s expected to go beyond just retaining customers and customer’s loyalty to leverage the growth of business with those customers. Similarly, we'll seek to measure internal processes
perspectives unique to the organization, i.e., determine employees’ satisfaction, employees’ keep on (retention) and employees’ productivity. The innovation perspective includes time necessary to develop new innovative niche and market driven programs and skills necessary for the ever changing job market requirements.

2.7 Research Gaps

From the literature, the researcher has noted that HEIs managers to-date have not yet devoted enough attention to the need for strategic market planning, preferring to operate “through superficial exploitation of new market opportunities”. According to Lindong (2007) this approach in the long run, can imperil their business. HEI managers thus, must pursue a more strategic approach in the marketplace which would lead to sustainability of organizational success. This study therefore seeks to fill this clear gap by examining how HEI’s can build and competitive advantage in order to achieve its desired organizational effectiveness
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter will describe the research methodology for this study. According to Kothari (2005) research methodology describes a systematic way of solving a research problem. It will, therefore, outline the Research design, population, sample and sampling technique, instruments, data collection procedure, pilot test and data analysis and presentation.

3.1 Research Design

Kerlinger (1986) defines research design as "The plan and structure of investigation so conceived as to obtain answers to research questions". While Kumar (2005) observes that research design is the conceptual structure within which research is conducted; Borg & Gall (1989) define research design as the procedures used by researchers to explore relationships between variables to form subjects into groups, administer measures, apply treatment conditions and analyze the data. In general, a research design expresses both the structure of the research problem and the plan of investigation used to obtain empirical evidence on relations of the problem. It specifies the methods and procedures for the collection, measurement, and analysis of data. Among the designs used by researchers are descriptive survey designs, case studies, experimental, historical and ex-post facto designs (Trochimm & Land, 1982).

In this study, we will use descriptive survey design. Descriptive research is conclusive in nature due to its quantitative nature, as opposed to exploratory. This means that descriptive research gathers quantifiable information that can be used for statistical inference on your target audience through data analysis. As a consequence this type of research takes the form of closed-ended questions, which limits its ability to provide unique insights. However, used properly it can help an organization better define and measure the significance of something about a group of respondents and the population they represent. According to Cooper and Schindler (2003) a
A descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive studies provide factual, accurate and systematic data (Mugenda, 2012). The choice of the descriptive research design is based on the fact that in this study, the researcher is interested on the state of affairs already existing in the field and no variable would be manipulated. This study, therefore, will be able to generalize the findings to a larger population. Descriptive design uses a design for analysis (Creswell, 2003). In this study, inferential statistics and measure of central, dispersion and distribution will be applied. Descriptive survey is a method of collecting information by interviewing or administrating a questionnaire to a sample if individual (Orodho, 2003). The information gathered could then be studied at face value, measuring trends over time, or for more advanced data analysis like drawing correlations, segmentation, benchmarking and other statistical techniques.

### 3.2 Target Population

A population is a group of individuals, objects or items from which samples are drawn for measurement and the element have certain homogenous characteristics (Kombo & Tromp, 2006). Kasomo (2007) argues that the Target Population should be explicitly and unequivocally defined. This study will be carried out in Kabarak University, a private higher education institution based in sub-urban rural Nakuru, Nakuru County. The research target population includes the senior management existing in Kabarak University with a total population of 39.

### 3.3 Sampling Design and Size

According to Webster (1985) a sample is a finite part of a statistical population whose properties are studied to gain information about the whole. Sampling on the other hand is the act, process or technique of selecting a suitable sample or a representation of a whole population to determine characteristics of the whole population. Simple random sampling technique will be used for this study (Orodho, 2003; Farahat, 2011). The research is considered a comprehensive survey of the all population. Table (3.1) illustrates the sample size.
Table 3.1: Illustrates the sample size.

<table>
<thead>
<tr>
<th>Title</th>
<th>No. of Administrative Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice-chancellor (VC)</td>
<td>1</td>
</tr>
<tr>
<td>Deputy Vice-Chancellors</td>
<td>3</td>
</tr>
<tr>
<td>University Registrars</td>
<td>2</td>
</tr>
<tr>
<td>Deans &amp; Directors</td>
<td>12</td>
</tr>
<tr>
<td>Deans/Directors Assistant</td>
<td>2</td>
</tr>
<tr>
<td>Head of Departments (Academics &amp; Administrative)</td>
<td>15</td>
</tr>
<tr>
<td>University Librarian</td>
<td>1</td>
</tr>
<tr>
<td>Senior Internal Auditor</td>
<td>1</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>1</td>
</tr>
<tr>
<td>General Manager</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Source: Kabarak University, (2015)

3.4 Research Instruments

The researcher will use structured questionnaire as the primary data collection instrument. The questionnaire will be designed to give a brief introduction and will be divided into sections representing the variables adopted for study. For each section, there will be closed ended questions, which will collect views, opinion, and attitude from the respondent. Questionnaires will be chosen because they are able to collect views opinions and attitudes of a large number of respondents and thus are very appropriate for surveys (Mugenda 2002). The questions will be designed to collected qualitative and quantitative data. The open-ended questions will give unrestricted freedom of answer to respondents.

3.5 Data Collection Procedure

Creswell (2003) defines data collection as a means by which information is obtained from the subject of investigation. The researcher will firstly collect the required research permits from
relevant authorities. The questionnaires will be administered by the researcher to all the respondents using a drop and pick technique. The researcher will use assistants to distribute by hand the questionnaires to be completed by the selected respondents. Upon completion, the research assistants will collect the completed questionnaires and return them to the researcher for analysis.

This research adopts the analytical descriptive method, as it is considered the most used in business and social studies. This section presents the methods used to carry out the research and answer the research questions. In order to collect the needed data for this research, the researcher uses two methods using primary and secondary data.

3.5.1. Secondary Data

To introduce the theoretical literature of the subject, the research uses the secondary data resource will sourced from the University, and which may include: previous studies, books, academic magazines, periodicals, websites and electronic versions, Ministry of Education and its related agencies reports, and published articles related to the subject, this data is essential to gain understanding of the research area and what has already been done (Farahat, 2011).

3.5.1. Primary Data

In order to analyze the qualitative and quantitative data of the research, questionnaire is used as a tool for collecting primary data. Although questionnaires may be cheap to administer compared to other data collection methods, they are expensive in terms of design time and interpretation (Farahat, 2011)

The questionnaire which is especially designed for this research consists of the following parts:

1. The first part (Section A) contained general background information about the respondents.
2. The second part (Section B) is about the Internal Structure analysis of competitiveness level of the PHEI
3. The third part (Section C) is about the External Resources analysis of competitiveness level of the PHEI
4. The fourth part (Section D) is about the Institutional Performance analysis of the PHEI
5. The fifth part (Section E) is about the analysis of Strategy deployed by the PHEI

**Note:** All items pursued the semantics differential scale as the following:

<table>
<thead>
<tr>
<th>Level</th>
<th>Strongly agree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

### 3.6 The Pilot Study

Marczyk, Dematteo and Festinger (2005) observed that pilot test is the start phase in data gathering of the research process. Pilot test will be conducted to detect weakness in design and instrumentation and to provide an alternative data for selection of a probability sample. Muus and Baker-Demaray (2005) noted that a pilot test should draw subjects from the target population and simulate the procedures and protocols that have been designed for data collection. In summary, the pilot test measures the reliability and validity of the instrument. To avoid misrepresentation and minimize errors, the researcher will ran a pre-test of the questionnaires before the actual data collection on the University. The results of the pilot study will inform improvement of research instruments to enhance validity and reliability but will not be used in the data analysis.

### 3.6.1 Instrument Validity

According to Berg and Gall (1989) validity is the degree to which the sample of test items represents the content the test it is designed to measure. Content validity which will be employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. This validity will be established by the pilot study and expert judgment (Gay 2001).
3.6.2 Reliability

Reliability is the consistency of measurement, or degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. According to Shanghverzy (2003), reliability refers to consistency of measurement and is frequently assessed using test-retest reliability method. It is important to note that reliability is not measured, it is estimated. Reliability does not, however, imply validity because while a scale may be measuring something consistently, it may not necessarily be what is supposed to be measuring. The researcher will use the most common internal consistency measure as Cronbach's alpha (α). It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value is 0.7 will be used as a cut-off of reliability.

3.7 Data Analysis

Data analysis refers to executing what has been collected in a study and making deductions and inferences (Kombo, 2006). This study will collect large amounts of data regarding the variables under study, thus the need to summarize data and information collected will make sense. This will include analysis of data to summarize the essential features and relations of data in order describe the state of affairs and determine patterns of behavior and particular outcomes. Before processing the responses, the completed questionnaires will be edited for completeness and consistency. The data will be then coded to enable the responses to be grouped into various categories. Descriptive statistics will be used in the form of frequency distributions, percentages measures of central tendencies and positions, measures of dispersions together with correlations to establish any emerging patterns which will be presented in tables and graphs along with their associated interpretations. The analysis and presentation will be done with the aid of SPSS for Windows version 21.

3.8 Ethical & Safety Considerations

Ethics or norms or standards of behavior that guide moral choices about our behavior and our relationships with other, and as such all parties in research should exhibit ethical behavior (Saunders et. al., 2003). Privacy of respondents, voluntary participation and the right to
withdraw, consent and the possible deception of participants and their anonymity (Blaxter et al., 2001; Grinyer A., 2002)). Ethical consideration in line with foregoing authorities will be adhered to in this study to ensure reliability and validity. Furthermore, the primary concern of the investigator should be the safety of the research participant. Protecting subject safety requires the investigator to use all available information to identify potential risks to the subject, to establish means of minimizing those risks, and to continually monitor the ongoing research for adverse events experienced by subjects. The investigator must be prepared to stop the study if serious unanticipated risks are manifest. (Paterson, Gregory & Thorne 1999).
## CHAPTER FOUR

**WORK PLAN & BUDGET**

**Table 4.1:** Work Plan

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
<th>AUG</th>
<th>SEPT</th>
<th>OCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Concept Paper</td>
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<td>Developing Proposal Document</td>
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<tr>
<td>Proposal Submission and Defense</td>
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<tr>
<td>Pilot Study</td>
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<tr>
<td>Data Collection &amp; Date Analysis</td>
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<td>Thesis Writing</td>
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<tr>
<td>Thesis Draft submission</td>
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<tr>
<td>Final Thesis Submission and Defense</td>
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<tr>
<td>Final Thesis Submission</td>
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<td></td>
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</table>
Table 4.2: Budget

<table>
<thead>
<tr>
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<th>RATE</th>
<th>TOTAL</th>
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<td><strong>PROPOSAL WRITING</strong></td>
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</tr>
<tr>
<td>Stationery</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>i.  Notebooks 4 reams</td>
<td>4</td>
<td>550</td>
<td>2,200.00</td>
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<tr>
<td>ii. Pens 1 dozen</td>
<td>12</td>
<td>120</td>
<td>1,440.00</td>
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<tr>
<td>iii. Pencils 1 dozen</td>
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<td>600.00</td>
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<td>iv. Flash disks 2 GB</td>
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<td>750</td>
<td>1,500.00</td>
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<tr>
<td>v.  Spring files 3</td>
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<tr>
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<td>Assistant 20 Days</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td><strong>212,940.00</strong></td>
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<tr>
<td>Subsistence</td>
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<td>2,500.00</td>
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<td><strong>Subtotal</strong></td>
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<td>Priming Stationery - 2 reams</td>
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<td>Contingencies (10%)</td>
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APPENDICES

Appendix I

- **Productivity–Efficiency:** This aspect of an organization’s performance has to do with behavior that reflects the extent to which it is concerned with the quantity or volume of what it produces and the cost of operation.

- **Quality:** This aspect of an organization’s performance has to do with behavior that reflects the extent to which it is concerned with the quality of what it produces.

- **Cohesion:** This aspect of an organization’s performance has to do with behavior that reflects the extent to which it is concerned with staff morale, interpersonal relationships, teamwork and sense of belonging.

- **Adaptability–Readiness:** This aspect of an organization’s performance has to do with behaviour that reflects the extent of its ability to readily alter or adapt its structure, programmes, courses etc., in response to changing demands. In other words, the extent of the organization’s readiness to adapt to change.

- **Information Management–Communication:** This aspect of an organization’s performance has to do with behaviour that reflects the extent of its ability to distribute timely and accurate information needed by its members to do their jobs.

- **Growth:** This aspect of an organization’s performance has to do with behaviour that reflects the extent of its ability to secure external support, acquire resources and increase its capabilities.

- **Planning–Goal Setting:** This aspect of an organization’s performance has to do with behaviour that reflects the extent of its ability to set goals and objectives and systematically plan for the future.

- **Human Resource Development:** This aspect of an organization’s performance has to do with behaviour that reflects the extent to which it is responsive to the individual needs of its staff. It also has to do with the extent to which the institution facilitates participation in
decision making. Additionally, this aspect is concerned with behaviour relating to the hiring, training and development of staff.

- **Stability–Control**: This aspect of an organization’s performance has to do with behaviour that reflects the extent of its ability to control the flow of work, to direct the behaviour of its members and to maintain the organization’s continuity, particularly under periods of pressure or threat.

  *Source*: Pounder (1999)
Appendix II: Letter of Introduction

KABARAK UNIVERSITY

NAKURU

Dear Sir/Madam,

**RE: PERMISSION TO CARRY OUT ACADEMIC RESEARCH**

I am a Master of Business Administration (Strategic Management) student at Kenyatta University Nakuru conducting a research study entitled ..........................

The purpose of this letter is to request you to kindly fill in the questionnaire with precision and accuracy. The questionnaire is supposed to assist in answering specific objectives of the research which is being undertaken as part of the University requirement. Any information given herein will be treated with utmost confidentiality and only be used for the purpose of research. So kindly feel free to fill the questionnaire.

Thank you.

Yours faithfully,

Kefa Rabah
Appendix III: Questionnaires for Senior Administrative Staff Respondents

The questions below are for the purposes of analyzing how competitive moves can be successfully implemented to be effective to achieve, maintain and sustain competitive edge over the competitors. Your opinions as reflected in this questionnaire are important to this study and are held in confidentiality. Therefore you are requested to fill this questionnaire in the most free and honest way possible.

Please tick [✓] the appropriate answers in the boxes provided and also write down the appropriate answers in the spaces provided. Do not write your name on the questionnaire. Thank you in advance for your time and cooperation.

SECTION A: General Background Information

*Please kindly provide the following information. The information gathered will be kept strictly confidential and will only be used for the research and not for any other reason.*

1. Your age: □ Less than 40 □ 41-50 years old □ 51-60 years old □ more than 61 years old

2. Gender: □ Male □ Female

3. What is your highest academic qualification?
   - Diploma □
   - Degree □
   - Masters □
   - PhD □
   - Others (please specify) ____________________

4. Total working experience in educational administration field:
   - □ less than 6 years □ 6-10 years □ 11-15 years □ 16-20 years □ 21-25 years
   - □ more than 25 years

5. Your academic position:
   - □ Asst. Lecturer □ Lecturer □ Assoc. Professor □ Full Professor

6. How long have you been working for this institution:
   - □ less than 6 years □ 6-10 years □ 11-15 years □ 16-20 years □ 21-25 years
   - □ more than 25 years

117
7. Your administrative position: □ VC □ DVC □ Dean of Academic Affairs  
   □ Dean of Student Affairs □ Dean of General Affairs  
   □ Dean of R&D □ Other __________________________ (please specify)

8. Your institution: □ Public □ Private non-profit □ Private-for-profit

9. The type of your institution: □ University □ Institute of technology  
   □ College

10. Number of students in your institution (include night and weekend school):  
    □ Less than 3,000 □ 3,001-6,000 □ 6,001-9,000  
    □ 9,001-12,000 □ 12,001-15,000 □ More than 15,000

11. The location of your institution: □ Urban □ Sub-urban □ Rural
Please tick [√] or circle (O) the most appropriate option statements about the quality of your learning experiences at KABU using the scale provided

1- Strongly disagree 2- Disagree, 3- Neutral 4 – Agree 5 – Strongly agree

**SECTION B**

<table>
<thead>
<tr>
<th><strong>External Structure</strong></th>
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<td>2 Threat from domestic academic universities.</td>
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<td>3 Threat from Chinese-based institutions of higher education.</td>
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<td>4 Threat from private business enterprises.</td>
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<td>5 The increase in the number of HEI institutions.</td>
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<td>6 The decrease in the number of HEI students.</td>
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<td>7 The high intensity of competition between institutions.</td>
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<td>8 The minimum number of students required for the operation of an educational institution.</td>
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<td>9 The minimum capital required for establishing a new institution.</td>
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<td>10 The regulations and policies of government on the operation of an educational institution.</td>
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<td>11 The power of faculties.</td>
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<td>12 The power of high schools.</td>
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<td>13 The power of Kenya Ministry of Education.</td>
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<td>14 The power of students.</td>
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<td>15 The power of parents.</td>
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<td>16 The power of employers.</td>
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### SECTION C

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<td>17 Personnel staffing.</td>
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<td>18 Faculty qualifications.</td>
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<td>19 Job loyalty.</td>
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<td>20 Team building.</td>
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<td>21 Engagement with community and related stakeholders</td>
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<td>22 Talent management</td>
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<td>23 Leadership.</td>
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<td>24 Sufficient financial capital.</td>
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<td>25 Financial planning and budgeting.</td>
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<td>26 Financial implementation.</td>
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<td>27 Teaching and research infrastructure.</td>
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<td>28 Campus facilities.</td>
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<td>29 Campus location.</td>
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<td>30 Organizational structure.</td>
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<td>31 Organizational efficiency.</td>
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<td>32 Integration of administrative resources.</td>
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<td>33 Curriculum design.</td>
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<td>34 Curriculum quality.</td>
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<td>35 Range of majors and degree programs.</td>
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<td>36 Participation in government-funded research projects.</td>
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<td>Collaboration with private business/industry enterprises.</td>
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<td>Integration of academic and research resources.</td>
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<td>Partnership with other higher education institutions.</td>
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<td>Marketing &amp; media promotion.</td>
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<td>Scholarships and financial aids offered.</td>
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<td>Participation in off-campus activities and events</td>
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**SECTION D**

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<td>45 Percentage of graduates pursuing further studies.</td>
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<td>46 Pass rate on undergraduate and postgraduate exams of students.</td>
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<td>47 Professional knowledge and capabilities of graduates.</td>
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<td>48 Staff performance in teaching.</td>
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<td>49 Staff performance in academic research</td>
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<td>50 Staff performance in applied research.</td>
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<td>51 Practical experience and skills of teaching staff.</td>
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<td>52 Institutional culture.</td>
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<td>53 Graduate/alumni evaluations.</td>
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<td>54 Institutional distinctiveness.</td>
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<td>55 Community service.</td>
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<td>56 Holistic education development.</td>
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<td>57 Professional curriculum development.</td>
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<td>Institutional reputation.</td>
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<td>Facilities management.</td>
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<td>Industry-academia collaboration.</td>
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<td>Internet/Magazine ranking.</td>
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<td>Industry’s evaluation on the quality of graduates.</td>
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**SECTION E**

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<td>Student educational satisfaction</td>
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<td>Student academic &amp; personal development</td>
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<td>Capacity to maintain or expand resource base</td>
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<td>Faculty, administrative &amp; staff employment satisfaction</td>
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<td>Professional development and quality of the faculty</td>
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<td>System openness and community integration</td>
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<td>Resource for quality programs, faculty and students</td>
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<td>Organizational culture and health</td>
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<td>72</td>
<td>Ability to acquire, save and use resource effectively</td>
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<td>Ability to overcome financial difficulties</td>
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SECTION F.
Please indicate the following statements that best describes the strategy of your institute. For each question, please place only one Circle ( O ) on the number that best describes your view.

1. In comparison to other institutions, the **Marketing Approach** of my institution is to:

| Maintain customer base | 1 | 2 | 3 | 4 | 5 | Create changes in Customer base |

2. In comparison to other intuitions, the **Product Mix Stability** of my institution is:

| Very stable | 1 | 2 | 3 | 4 | 5 | Always changing |

3. In comparison to other institutions, the **Market Definition** of my institution is:

| Narrow | 1 | 2 | 3 | 4 | 5 | Broad |

4. In comparison to other institutions, the **Competitive Edge** of my institution is:

| Always have low cost | 1 | 2 | 3 | 4 | 5 | Always more innovative |

5. In comparison to other institutions, the effort and time my institute puts on **Environmental Monitoring** is:

| Very little | 1 | 2 | 3 | 4 | 5 | Very much |

6. In comparison to other institutions, the **Attitude towards Growth** of my institution is:

| Very cautious | 1 | 2 | 3 | 4 | 5 | Very aggressive |

7. In comparison to other institutions, the **Customer Base Stability** of my institution is:

| Very stable | 1 | 2 | 3 | 4 | 5 | Very unstable |

8. In comparison to other institutions, the **Growth Pattern** of my institution is:
SECTION G.

Open-ended Questions

1. How do you interpret the Government initiative in allowing your sector to operate?
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------

2. What role do you think private higher education institutions play comparing to public higher education institutions? To what extent are they different?
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------

3. How do you understand the missions of your institution?
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------

4. To what extent, do you think, is the central Government involved in private higher education institutions?
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------

5. How do you decide about the kind of programmes that you offer?
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------

6. To what extent is your institution concerned about the market needs? How do you address those needs?
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------
   --------------------------------------------------------------------------------------------------
7. To what extent is your institution concerned about the employability of its graduates? What are your practices in this regards?

8. How do you follow up with your graduates' employment information? Do you keep records?

9. What are the main challenges - do you think your institution is facing at the moment?

10. Do you think the location of the University has any effect on its growth and survival?

11. Would you recommend students or workers to join the University?

12. What organizational characteristics do effective colleges possess?

13. What is it at this institution that makes a difference in terms of its effectiveness?

14. What would have to change in order to make this institution more effective?
15. Think of an institution of higher education that you judge to be effective. What is it that makes that institution effective?