# INFLUENCE OF STRATEGIC COLLABORATIONS ON THE COMPETITIVENESS OF PRIVATE COLLEGES IN NAKURU TOWN

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# **DECLARATION AND APPROVAL**

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# **DEDICATION**

I dedicate this project to my loving wife Doreen, for her encouragement, unwavering support and understanding throughout the study. I also dedicate this work to my dear son Martin and to all my colleagues who provided form and substance to this emerging field and above all, to God who enabled me to succeed in my work.

#### **ABSTRACT**

Collaboration is currently one of the key elements of institutional competitiveness. In the face of continuous world economic changes, competition allows many institutions to improve and accelerate their collaboration processes. Universities as traditional sources of knowledge might be involved in such kind of collaboration. The increasing demand related with education of the population has led to the entry of a large number of private players in the education sector. This has also resulted to the development of competition among the private colleges or private universities for attracting good students as well as high revenue. Private colleges and private universities are also trying to adopt competitive intelligence in their action plan to get recognition as well as value for their college or university. The aim of this study was to establish the Influence of Strategic Collaborations on the Competitiveness of Private Colleges in Nakuru town. More specifically, the study sought to determine the influence of strategic financial allocation, explore the influence of strategic expansion, and assess the influence of strategic alliances on competitiveness of private colleges in Nakuru town. The study was grounded upon the Theory of Evaluation, Resource Based View Theory and the Resource Dependence Theory. This study adopted descriptive design. The target Population of the study consisted of six colleges. The study, being census, was conducted at Nairobi Aviation College, Tec Institute, Nakuru College of health sciences, Tracom College, Kenya Institute of Professional Counseling and Professional Studies and Lake Nakuru Hotel and Tourism Management College. Senior College management heads were targeted. Data collection instruments incorporated questionnaires, mainly structured in a 5-point Likert scale which were distributed to respondents through "drop and pick later" method. The researcher assessed the reliability and validity of data collection instruments with experts and through piloting. Quantitative data were analyzed using descriptive statistics. Pearson correlation coefficient and regression coefficients, after entering the raw data into the Statistical Package for Social Science (SPSS). The research findings indicated that strategic financial allocation, strategic expansion and strategic alliances could explain 50.7% of the variations in the dependent variable which is strategic collaborations on the competitiveness of private colleges in Nakuru town. Regression of coefficients results showed that strategic financial allocation and competitiveness were positively and significantly related (r=0.281, p=0.000), strategic expansion and competitiveness were positively and significantly related (r=0.186, p=0.000) and finally strategic alliances and competitiveness were positively and significantly related (r=0.313, p=0.000). The study may be of benefit and significant in enabling new private colleges determine whether university-college collaborations are a necessary strategy as a diversification strategy. At the end competitive advantage achieved by colleges or universities can be considered ethically and legally correct if it is beneficial for the students, parents and the society. The study recommends due attention on collaborative activities between the universities and colleges be sensitized since they can contribute to the success of future joint curriculum development project. Further research could also be undertaken between universities and industry context to understand the mechanisms by which universities transfer Research & Development knowledge in order to increase industry competitiveness and efficiency as well as overall economic and social development.

**Key words**: Collaborations, Colleges, Competitiveness, Strategy, Universities

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### **ACRONYMS & ABBREVIATIONS**

AMREF African Medical and Research Foundation

DEO District Education Office
GDP Gross Domestic Product

MTN Mobile Telephone Network R & D Research and Development

SPSS Statistical Package for Social Science

UON University Of Nairobi

NCC National Computing Centre

IAT Institute of Advanced Technology

JKUAT Jomo Kenyatta University of Agriculture and Technology
WEUCST Western University College of Science and Technology

CHE Commission of Higher Education

MHST Ministry of Higher Education, Science and Technology

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#### **CHAPTER ONE**

#### INTRODUCTION

## 1.1 Background of the Study

In the business environment, competition is on the rise necessitating organizations to craft and implement appropriate strategies to remain competitive. Due to this, companies both large and small are forming collaborative arrangements as the basis for developing competitive advantage in industries. Companies that have taken collaborations as strategic initiatives to strengthen their competitiveness in domestic and international markets are on the increase. In addition, resources and competency gaps between rivals has become apparent to the less competitive businesses and they are seeking to close this gap by collaborating with organizations that provide immediate access to needed capabilities and competitive strengths (Thompson, Gamble and Strickland ,2004).

Collaborators include governments, businesses, nonprofit organizations, foundations, higher education institutions, and community groups as well. Leaders and managers in organizations thus face the need to inspire, mobilize, and sustain their own agencies, but also to engage numerous other partners in their problem-solving efforts ((Bryson and Crosby, 2008). Collaborations all over the world exist in various forms. This means, the power to adopt and actually deliver effective solutions is shared among sectors and organizations within the sectors such as company to company, company to non-governmental institutions, university to non-governmental institutions, university to non-governmental institutions, university to university and university to private colleges.

Over the last twenty years the proportion of the population studying at tertiary level has expanded greatly as a result of government policies to provide more open access to higher learning. This trend has been evident in many Western countries including the United States, Britain, Australia and New Zealand (Abbott, 2006; King, 1999; McKenzie & Schweitzer, 2001). Higher education institutions in Malaysia for example, are facing fierce competition in the market. These intensified competitions are pushing higher education institutions into the unfamiliar arena of service competition. Many believe that any collaboration between education providers and corporate industries can provide a financial foothold in an increasingly competitive

educational marketplace. There are many untapped market in terms of providing education and many universities in Malaysia have collaborative partnerships as a means of maintaining viability. Collaboration can expand an institution's ability to offer a broader content base, course offerings can be aimed at the level and interests of students enrolled in that institution. Open University Malaysia has formed alliances and collaboration with various organizations.

In Kenya, collaboration strategies exist in the corporate sector. In the telecommunication sector, increased competition, poor legislation and the challenge of economies of scale have forced smaller African telecom companies to merge, while larger companies have consolidated. MTN, Safaricom, Vodacom, Wananchi Group and Access Kenya are some of the companies that have acquired companies and consolidated their market positions. For some, acquisition has been inspired by the quest for more spectrums while in others the mergers and acquisitions have been motivated by market share or infrastructure already in place.

The government has not been left out in collaborations; it collaborates with the civil society. Most government collaborations are either issue based; focusing on different dimensions of one thematic issue, such as health; or multi-sectorial; addressing sustainable development through multiple themes such as food security, water, income generation, livelihoods, health, HIV/Aids, and infrastructural development. Some collaborations addressed a single theme as a cross cutting issue, so that the sector became the entry point for addressing most other issues that impact directly on it. For example AMREF partnerships are largely health related but some of their interventions include provision of water, income generating activities and education.

These collaboration strategies have permeated beyond the corporate sector. They are now being used in the education sector especially in the institutions of higher learning. The education sector in Kenya, since independence, has seen a steady growth of higher-level education institutions. Between 1963 and 1970 the student enrolment in the University of Nairobi College was about 1,000 students. This number has gradually increased to 8,900 in 1984. This increased enrolment was partially achieved through the additional places offered at its two constituent colleges, Kenyatta University College and Egerton University College. The need to increase enrollment in

universities led to the establishment of universities such as Moi University in 1984, Kenyatta University College in 1985 and Egerton University College in 1987.

Enrolment in the four public universities increased steadily to about 20,000 students by 1989. In 1990 University enrolment increased to 21,450 students, which increased the total enrolment to 41,000 students. The establishment of other public Universities, Jomo Kenyatta University of Agriculture and Technology (JKUAT) in 1994: Maseno University in 2000 and the Western University College of Science and Technology (WEUCST) in 2002 were a further attempt to address the problem of the high demand in University education. It was evident that the Government was no longer able to cope with the ever increasing demand for more University places or even to provide the adequate resources required, this led to the establishment of private universities. By 2008, there were seventeen private universities, which were fully chartered by the Commission of Higher Education (CHE) (Commission of Higher Education, 2006).

The Institute of Advanced Technology (IAT) is an example of an institution that has chosen to collaborate in order to provide education to students. It offers degree and diploma programmes in collaboration with Kenyan and international Universities and other education providers. IAT is in collaboration with Maseno University and St. Paul's University as well as the National Computing Centre (NCC) Education, UK to offer top of range ICT and Business degree and diploma courses. With an ever increasing number of High school leavers missing out on placement to university courses in Kenya, initiatives such as these joint collaborations are very important in increasing access to quality higher education opportunity for Kenyan young people as well as opening up continuing education opportunities. It is important to ensure that initiatives focus on the quality of education offered as well as the quality of graduates produced. This is a core guiding principle for both IAT and its collaborating partners. With the shared ideal of dedication to quality education, this partnership is a natural fit.

The continuous growth of the number of students in secondary schools and the limited capacity vacancies in public universities has led to the establishment of private colleges to offer alternative training services. The number of registered private colleges has risen to meet this capacity gap occasioned by the increase in the number of students needing higher education.

The total number of colleges in Nakuru District has grown from 25 in the year 2000 to 210 in 2008, according to statistics from the District Education Office (DEO, 2008). Following the increase in the number of colleges, competition has set in and in addition students have started to demand quality training and accredited certification. In an attempt to address this concern, it is now observed that colleges are beginning to seek collaborations with established universities.

Researchers however have focused on collaboration in corporate institutions and business entities and their effect in the world of business but have not adequately focused on college collaborations as a strategy to gain entry into a market or as competitive strategy to already existing colleges.

#### 1.2 Statement of the Problem

The education sector in Kenya has become very competitive and especially at the higher learning institution level. There are 22 public universities and 33 private universities (Arasa, 2008). These institutions are only able to enroll a small proportion of students who qualify for university education. In response to this, many private colleges have been established to offer learning opportunities for the students left out. There are 210 colleges in operation in the larger Nakuru district (District Education Report, 2016) and 30 of them are based in Nakuru town. This has also presented a very competitive scenario for the colleges in the town and in an attempt to deal with this competition; many colleges have sought to collaborate with public universities. Between 2003 and 2013, the number of public universities-colleges collaborations increased significantly especially in the urban areas such as Nairobi, Kisumu, Mombasa, Eldoret and Nakuru (Oanda & Jowi, 2013). Several studies have been carried out in Kenya pertaining to various facets of this research topic. Arasa (2008) researched on Restructuring Kenyan Higher Education through Collaboration and Merger. His findings provided evidence that there is a strong link between collaboration and performance. However, his research failed to control for the effects of context and time periods. Nevertheless, the empirical studies conducted in Kenya in the field of collaboration have failed to address how superior the collaborated private colleges are from the non-collaborated ones and also the effects of competitiveness on institutional performance. This study, therefore sought to fill the knowledge gap on the Influence of Strategic Collaborations on the Competitiveness of Private Colleges in Nakuru Town.

#### 1.3 General Objective

The purpose of the study was to determine the influence of strategic collaborations on the competitiveness of private colleges in Nakuru town.

### 1.3.1 Specific Objectives

Among the objectives for the study was:

- 1. To determine the influence of strategic financial allocation on competitiveness of Private Colleges in Nakuru Town.
- 2. To explore the influence of strategic expansion on the competitiveness of Private Colleges in Nakuru Town
- 3. To assess the influence of strategic alliances on the competitiveness of Private Colleges in Nakuru Town

#### 1.4 Research Hypotheses

The following hypotheses were used to test the significance of the influence of strategic collaborations on the competitiveness of private colleges in Nakuru town.

**Ho**<sub>1</sub>: Strategic financial allocation has no significant influence on competitiveness of Private Colleges in Nakuru Town

Ho<sub>2</sub>: Strategic expansion has no significant difference on competitiveness of Private Colleges in Nakuru Town

Ho<sub>3</sub>: Strategic alliances have no significant influence on competitiveness of Private Colleges in Nakuru Town

### 1.5 Significance of the Study

The study explored the influence of the collaboration strategy on the competitiveness of private colleges in Nakuru town. The findings of this study will most likely be useful to a number of stakeholders. It may also enable private colleges' management to establish whether or not the college should consider adopting a university college collaboration to improve the student enrollment and the college image perception on students. It may also enable new private colleges

determine whether university-college collaborations is a necessary strategy as a market entry strategy.

# 1.6 Scope of the Study

The study focused on the influence of strategic collaboration on the competitiveness of private colleges in Nakuru town. Even though the study was done in Nakuru, its findings can be generalized to other colleges as the sample taken represents. This study was conducted between June 2016 and November 2016. This study was limited to existing six private colleges undertaking collaborations with public universities in Nakuru town.

### 1.7 Limitations and Delimitations of the Study

The respondents approached were reluctant at first to give information fearing that the information sought might be used to intimidate them. The researcher sought to explain the purpose of the study and eliminated the fears. A letter of introduction from the university was also used to assure them that information provided will be strictly used for academic purposes. Even though the time for collection of data was short, it did not compromise the findings of the study.

## 1.8 Operational Definition of Terms

Competitiveness –is the ability to produce the right goods and services of the right quality, at the right price, at the right time. It means meeting customers' needs more efficiently and more effectively than other firms do (Edmonds 2000: 20). Generally, competitiveness is the ability of an organization to compete successfully with its commercial rivals (Law, 2009). In this study, it is taken to mean the same.

**Private college -** is an educational institution or a constituent part of one. A college may be a degree-awarding tertiary educational institution, a part of a collegiate university, or an institution offering vocational education. In this study it is taken to mean the same.

**Strategy-** is a consistent pattern of resource allocation directed to those investments for competitive methods which add significant value to the equity base of the firm's owners (Olsen, 2008). This includes decisions about financial structure. In this study it is taken to mean the same

**Strategic Alliances** – Trindade (2006) defines strategic alliances as the agreement for cooperation among two or more independent firms to work together toward common objectives. In this study, it is taken to mean having two or more parties who are cooperating with each other, looking to share their resources so as to mutually improve their performance either through learning and knowledge sharing, or through creating opportunities to build competiveness

**Strategic collaboration**- Norris-Tirrell and Clay (2010:2) defines as an intentional, collective approach to address public problems or issues through building shared knowledge, designing innovative solutions, and forging consequential change. When used strategically, collaboration produces positive impacts; stakeholders committed to policy or program change, and strengthened capacity of individuals and organizations to effectively work together. In this study it is used to mean the same.

**Strategic Expansion** – Yin (2013) defines it as when a firm aims to grow considerably by broadening the scope of one of its business operations in the perspective of customer groups, customer functions and technology alternatives, either individually or jointly, then it follows the Expansion Strategy. In this study, it is taken to mean the same

**Strategic Financial Allocation** – Korner (2014) defines it as the process of shifting overhead costs to cost objects, using a rational basis of allotment. In this study it is used to mean an authorization to incur expense or obligation up to a specified amount, for a specific purpose, and within a specific period.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents the overview of the available and the existing literature related to this study in order to examine the effect of collaborations in organizations and further the effect of university collaborations to colleges.

#### 2.2 Theoretical Review

This section reviews major theoretical framework applicable to the study and understanding of the strategic collaborative. The theories discussed underpin the study variables and show how theories may be used to explain the financial allocation, expansion and alliances in private colleges.

### **2.2.1 Resource Dependency Theory**

As Pfeffer (2003), the proponent of the resource dependency theory puts it; "Resource dependence was originally developed to provide an alternative perspective to economic theories of mergers and board interlocks, and to understand precisely the type of inter organizational relations that have played such a large role in recent 'market failures'. The motivation of those running the organization was to ensure the organization's survival and to enhance their own autonomy, while also maintaining stability in the organization's exchange relations.

Cummings (1984) argued that as resources tend to be scarce and often controlled by other organizations, the resource dependency model focuses on inter-organizational efforts to gain power and control over essential resources while minimizing threats to organizational autonomy The resource dependency model has been used as another rationale for the formation of strategic alliances. The basic principle of this paradigm is that organizations operate in turbulent and uncertain environments, over which they attempt to gain control. This perspective suggests that organizations are dependent on their task environment for inputs that are essential for the realization of their goals and objectives.

Similar to transaction cost economics, resource dependence theorists assert that organizations manage transaction-related uncertainty by transforming exchange relations into power relations

and thus implicitly removing them from the market context (Podolny, 1994). One common reason for the formation of inter-organizational relationships that fits the resource dependence paradigm is, for example, that firms enter into partnerships to take advantage of complementary assets and to ensure a smooth and predictable flow of resources from other organizations. Extending this perspective to joint venture instabilities, Inkpen and Beamish (1997) argue that shifts in the balance of partner bargaining power are responsible for unplanned terminations. The merit of this perspective is, therefore, that it may be used to explain both the formation and termination of strategic alliances using the same logic.

A criticism that can be raised against this perspective is that it assumes an atomistic environment in which information about other organizations is widely available and freely accessible to all (Gulati, Dialdin, & Wang, 2002). Research has found, however, that previous ties create a social network that shapes the flow of valuable information about new tie opportunities and the trustworthiness of these potential partners and therefore influences tie formation. Nonetheless, this perspective provides valuable insights into the rationales for collaborative relationships.

### 2.2.2 Theory of Evaluation

Evaluation is sometimes viewed as a professional practice rather than a discipline corresponding to a well-defined set of theories. However, Shadish, Cook and Leviton (1991) were able to demonstrate that evaluators' work does have theoretical foundations. Evaluation is thus a way of consolidating lessons and a way of synthesizing prior experience. Recognizing boundary conditions for the role of any one evaluation theory and for the use of evaluation theories in general, is essential for good practice (Mark, 2003). It is important to evaluate because funders need to be assured that their resources are being used efficiently and making great impact. It also makes those leading the programme/strategy better communicators so that issues can be resolved before they reach a crisis level (Anderson & Kleiner, 2003). Evaluation is therefore effective if it is built into the planning process. The interest in evaluation theory and practice is linked directly to the expansion of university programs during the 1980s in the United States (Smith, 2001; 2006), and particularly in the 1990s in Kenya. Evaluation is an issue that has steadily risen up the agenda for universities and other higher learning institutions, where large state money has flowed

into projects and programs. Officials have sought therefore to increase monitoring and review as a way of assuring effectiveness and efficiency (Smith, 2001; 2006).

# 2.2.3 Resource-Based View Theory

RBV is an approach to achieving competitive advantage that emerged in 1980s and 1990s, after the major works published by Wernerfelt, B. ("The Resource-Based View of the Firm"), Prahalad and Hamel ("The Core Competence of The Corporation"), Barney, J. ("Firm resources and sustained competitive advantage") and others. The supporters of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it.

According to Peteraf and Barney (2003, p.314), a firm achieves a competitive advantage when it is able to generate "more economic value than the marginal (breakeven) competitor in its product market". A firm has achieved a sustained competitive advantage (SCA) "when it is creating more economic value than the marginal firm in its industry and when other firms are unable to duplicate the benefits of this strategy" (Barney and Clark 2007, p. 52). The resource-based logic relies on two fundamental assumptions about firm-based resources to explain how they generate SCA and why some firms may persistently outperform others. First, firms possess different bundles of resources, even if they operate within the same industry (Peteraf and Barney2003). This resource heterogeneity assumption implies that some firms are more skilled in accomplishing certain activities, because they possess unique resources (Peteraf and Barney 2003). Second, these differences in resources may persist, due to the difficulty of trading resources across firms (the resource immobility assumption), which allows the benefits from heterogeneous resources to persist over time as well .A resource-based logic proposes that if a firm possesses valuable resources that few other firms have, and if these other firms find it too costly or difficult to imitate these resources, then the firm controlling these resources likely can generate SCA (Barney and Hesterly, 2012).

The RBV can contribute to investigating how universities identify and develop distinct unique capabilities, and how those might be transferred to new management and structures (Habbershon & Williams, 2001). Ganley (2010) states that resources make institution to run, and allocating

these resources to an institution should be done carefully. Allocating these resources can be tough, but an institution can acquire the resources they need appropriately through careful practice. Some examples of organizational resources are technology, people, and finances. All of these organizational resources are crucial to the success and growth of an institution. Technology is a valuable organizational resource that can come in the form of equipment, programs, and devices.

Technology is a resource that will help increase value and performance of an institution if acquired appropriately. Ganley (2010) further observes that people are always a valuable organizational resource, and hardworking and knowledgeable employees are a resource that should never be overlooked. Knowledgeable people can make the difference between success and failure, and they must be allocated in a competitive business environment. Finance is another organizational resource that can come from investors, stakeholders, and the institution itself. Finance is hard to allocate during a rough economical time, and companies must be able to promise value in order to acquire financial resources in an institution (Ganley, 2010).

#### 2.3 Empirical literature

This section discusses the independent variables to advance concepts that will be used as supporting ideas in undertaking this research.

## 2.3.1 Strategic Financial Allocation

Since their inception, the funding of public universities in Kenya has been mainly in the purview of the government. However, due to the very rapid expansion of the sector, the government has encouraged the public universities to establish alternative strategies for generating additional funding. Irrespective of the challenges being faced, organizations must come up with plans and response strategies to address the challenges they are facing (Mathooko & Ogutu, 2014). The privately-sponsored student programmes and the establishment of university are some strongly emerging examples.

Funding is one of the major challenges facing Kenyan universities. Kilonzo (2011) asserts that since 1998, public universities have enrolled parallel students. These students pay a higher fee than the government sponsored students and are not eligible for government loans. In recent

years, government funding for higher education has increased only marginally. Higher education, as a proportion of GDP, averaged 0.88% between 2002 and 2007 while, as a proportion of total education spending, it has averaged 13.7%. State funding for universities is based on an 'assumed unit cost' of KES 120 000 (about USD 1 500) per student. Of this amount, the state provides KES 70 000 (about USD 900), while the rest has to be provided by the student either through the publicly-funded loan and bursary scheme or from other private sources.

Financial allocation for collaborations increased marginally between 2013/14 and 2015/16. In 2013/14, public University expenditure took up 11.5% of the total colleges' expenditure, rising to 13.8%. This significant rise in financial allocation is attributed to the increase in lecturer salaries and housing allowances. The 2006/07 financial year saw a substantial decline in financial allocation allocations in both volume and proportion. This was the result of a deliberate shift in policy to place greater focus on lower levels of education, and on new items such as quality assurance across the system.

# 2.3.2 Strategic Expansion

Bang and Joshi (2009) defined market expansion strategy as "a strategy of increasing primary demand for product category by converting non-customers into customers of an industry and/ or by increasing the usage rate of an industry's existing customers"(2009; p.59) They argued that market expansion is an important strategic option in untapped markets. Thus, cross-industry cooperation can be treated as a tool which enables firms to expand market and access untapped markets. It can increase customer base and create new market demands through new products and thus to improve firms' financial performance. The reasons for firms' expansion can be categorized into shrinking of profit in current industry, improving firms' financial performance. Consequently, cooperation between organizations in different industries can be used as a method to achieve both goals.

Gassmann, et al., (2010) emphasized that no single firm can have all capabilities and resources or develop new technologies alone. Therefore alliances are formed to gain appropriate complementary resources such as knowledge, markets, or physical assets to ultimately improve the firm's competitive position. In new and untapped markets, firms need other firms' complementary resources both in terms of tangible or intangible resources that compensate for

the firm's weaknesses and thus reduce risks and cost in exploring new markets. Expanding to a new and untapped market can entail development and promotion of new products to new target customers. Therefore, a new product can combine partners' core competences and resources which can satisfy new target customers with new functions obtained from complementary resources. In this case, complementary resources may include technological know-how, patents, tacit knowledge and which when combined with an organizations core competences may be difficult to imitate. This in turn may supplement the strength of the alliance partner.

Ideally, universities are contributors to education capabilities expansion in students regardless of the type or location of a given university. In addition to the earlier classification in this thesis, universities can be categorized as: public and private; academic and vocational; undergraduate and graduate and so forth. As for university education, in this study, the researcher breaks it down in terms of curriculum content, teaching processes, and learning processes (World Bank, 2000).

The notion of public interest weighs much more in defining the mission of public universities than in defining those of private ones. Public universities are more bureaucratic, less autonomous, and more stable and buffered from market forces. To the contrary private universities, though controlled by state regulations, must cover their costs, but private-for-profit ones must also have the generation of a surplus as a core goal (World Bank 2000a:48). These different characteristics of universities influence the content of the curriculum, teaching processes and learning processes in addition to the activities these different categories of universities are likely to conduct, and probably their contribution to students' education capabilities expansion.

An effective public university education system relies heavily on the oversight of the state. A government ministry responsible for education and the ministry concerned with labour or employment matters in most countries are at the forefront of public university education provision. As the World Bank indicates, the government must ensure that the system serves the public interest, provides at least those elements of university education that would not be supplied if left to the market, promotes equity, and supports those areas of basic research

relevant to the country's needs. Moreover, the state must ensure that the system as a whole is financially transparent and fair.

The level of state control of university education institutions could range from extreme state control to total laissez-faire. High state involvement politicises university education and total laissez-faire may not be socially responsive (World Bank, 2000). It follows, therefore, that the curriculum content, teaching processes and learning processes are partly a reflection of state interests and level of involvement in university education. Hence, a middle ground is necessary to regulate the level of state involvement in public university education, given that governments own and finance the public universities.

University education is generally believed to make a positive contribution to higher education capabilities expansion. A university is part of the higher education system. Bloom et al. (2006), for example, reveal that higher education has enormous public and private benefits, such as big tax revenues, and increases in savings and investments, and that it leads to a more entrepreneurial and better civic society. Furthermore, higher education can improve a nation's health, contribute to reduction in population growth, facilitate technological development and enhance good governance.

The benefits notwithstanding, higher education is not a panacea for economic development, though sustained progress is impossible without it (World Bank 2000a: 19). Higher education makes a difference in an economy if other barriers to development, such as those relating to macroeconomic management and good governance are removed. It creates the potential for a skilled human resource but this resource must be allocated to production or service delivery in order for it to benefit the economy (Bloom et al. 2006: 30-31; World Bank 2002b: 60). For example, a graduate who has received university education is, ipso facto, rendered capable of contributing positively to national wealth in any sector where such a graduate is deployed to work (Banjo, 2006:8). Therefore, higher or university education is relevant to economic development, depending on the area of deployment of the graduates. A university graduate is expected to be confident, skilled and productive. Hence, regardless of the study programme undertaken or area of specialisation chosen by someone at university, a graduate can possess general and educational capabilities. However, the level of education capability possession

among graduates may depend on what is taught (curriculum content), how it is taught (pedagogy) and how it is evaluated.

# 2.3.4 Strategic Alliances

Strategic alliances are not a recent concept because they have existed in a military sense (Snyder, 1997). However, strategic alliance popularity is quite recent, taking hold in the 1980s and now capturing centre stage in the business world (Taylor, 2005). Strategic alliance is an agreement between two or more organizations to cooperate in a specific business activity, so that each benefits from the strengths of the other, and gains competitive advantage. The formation of strategic alliances has been seen as a response to globalization and increasing uncertainty and complexity in the business environment. Strategic alliances involve the sharing of knowledge and expertise between partners as well as the reduction of risk and costs in areas such as relationships with suppliers and the development of new products and technologies. A strategic alliance is sometimes equated with a joint venture, but an alliance may involve competitors, and generally has a shorter life span (Wheelen and Hungar, 2000).

Strategic alliances are developed and propagated as formalized inter-organizational relationships, particularly among companies in international business systems. Partnership selection is perhaps the most important step in creating a successful alliance. A successful alliance requires the joining of two competent firms seeking a similar goal and both intent on its success. These cooperative arrangements seek to achieve organizational objectives better through collaboration than through competition. Alliances are critical to organizations for a number of key reasons organic growth alone is insufficient for meeting most organizations' required rate of growth, Speed to market is essential, and partnerships greatly improve it. "A strategic alliance must be structured so that it is the intent of both parties that it will actually succeed, through the speed, adaptation and facilitated evolution. The foundation of a successful strategic alliance is laid during the internal formation process" (Lorange et al., 1992).

Strategic alliances are becoming an important form of business activity in many industries, particularly in view of the realization that companies are competing on a global field. Strategic alliances are not a panacea for every company and every situation. However, through strategic

alliances, companies can improve their competitive positioning, gain entry to new markets, supplement critical skills, and share the risk and cost of major development projects. Lorange et al (1992) asserts that alliances are particularly alluring to small businesses because they provide the tools businesses need to be competitive.

Strategic partnership is a closely related concept. Factors influencing the formation of collaborative agreements have received considerable scholarly attention, particularly at the dyadic level (Eisenhardt & Schoonhoven, 1996; Gulati, 1998; Hennart, 1988; Stuart, 2000;). Different theories have been used to derive different rationales for the formation of strategic alliances. Varadarajan and Cunningham (1995) categorized these motives into eight key areas and briefly list the main motives in each area. Implicit in many of the motives is the idea that firms seek to control their environment by acquiring important resources, reducing uncertainty, securing a market advantage, and gaining needed knowledge. Most researchers agree that the rise in alliances has been a result of the changing nature of the economic environment in the last decade (Parkhe, 1993). Some authors have therefore argued that most of the literature maintains that firms are merely reacting to changes in their environment and gives less support to the idea that firms form alliances to actively seek out new opportunities through joint discovery and knowledge acquisition (Beverland & Bretherton, 2001; Varadarajan & Cunningham, 1995). Strategic alliances can also enable corporate restructuring aimed at a narrower business focus and higher investment return by helping firms divest of non-core business units or activities that are costly to retain (Dunning, 1995).

Badaracco (1990) and Hamel (1991), in contrast, both pointed out that the desire to acquire and absorb new types of firm-specific knowledge is a primary driving force behind many alliances. In support of that, Hagedoorn (1993) points out three goals of most strategic inter firm technology cooperation. Firstly, they have been used to monitor the evolution of technologies, to gain access to new and complementary knowledge and technologies and to reduce or share uncertainty in and costs of R&D. Secondly, the goals have been used to capture partners, provide tacit knowledge of technology in concrete innovation projects as well as to speed up innovation or learning processes and shorten the product life cycle. Thirdly, they have been used to achieve internationalization, globalization, entry to foreign markets, and expansion of the product range.

Hagedoorn (1993) also demonstrated empirically that sectorial differences, in terms of the differing role technological development plays in various fields, have to be taken into account when assessing the importance of motives for strategic partnering. In his sample of strategic alliances, technology-related motives are dominant in high-tech sectors, while in mature industries, a broad spectrum of market related objectives can be linked to technology partnering.

In recent years the pace of institution change has accelerated, the competitive pressures in the industries and sectors have intensified, and most institution find themselves operating in more complex, unpredictable, and dynamic environments. This explains why institutions find themselves always scrambling for the competitive advantage. They realize that to be successful and competitive they must continuously improve the way they perform their activities. Some institutions have adopted various competitive strategies to enhance their competitiveness.

Robinson (1994) observes that a company's competitive strategy deals exclusively with its plans for competing successfully –its specific efforts to please customers, its offensive and defensive moves to counter the maneuvers of rivals, its responses to whatever market conditions prevail at that moment and its initiatives to strengthen its market position. Thompson et al (2004) notes that there are two different competitive strategies which an organization can adopt: Basic competitive strategy options and complementary strategy options. Basic competitive strategy options include low cost provider strategy, differentiation strategy, best cost provider strategy, focused strategy and focused low cost strategy while complementary strategy options include employing strategic alliances and collaborative partnerships, mergers and acquisitions and outsourcing.

Collaborations are interrelationships among distinct or related business that use their resources to achieve their goals and objectives (Porter, 1985). They are strategies for entering new businesses (Thompson & Strickland, 1989). They are considered an advantage as they enable institutions take a shorter time to enter a market or business area. They help avoid and eliminate many barriers to entry such as patents, costly promotions and broad recognition encountered in the development of an institution (Ghosh, 2004). Strategic alliances, acquisitions and mergers are forms of collaborations adopted by companies as a way of entry into a market. Recent studies show that some acquirers take a very different approach to managing their acquisitions in certain settings: when large companies acquire small entrepreneurial firms for their technological or

knowledge-based skills (Puranam & Srikanth, 2007), or when firms from emerging economies acquire larger firms in developed economies to enhance their global presence or competitiveness (Kale & Singh, 2008). In both of these cases, most acquirers leave the acquired firm structurally separate so that the latter maintains its identity in the market. The acquirer also retains most senior employees in the acquired firm and gives them operating freedom in running the acquired company. There are several reasons for taking this approach to acquisitions. By not integrating the acquired company into itself, an acquirer minimizes the complexities that arise during the post-acquisition period and avoids the disruption of resources and routines that results when two companies attempt to combine their operations. Maintaining a separate organization is also beneficial if the acquired firm has a unique identity in the minds of its key stakeholders (customers, regulators, shareholders) and maintenance of that identity generates business value for the firm. A strategic alliance is a formal and mutually agreed partnership arrangement that links specific facets of two or more enterprises or organizations.

Table 2.1: *Motives underlying strategic alliance formation* 

Market entry and market	, and the second	
position -related motives	• Circumvent barriers to entering international markets posed by	
1	legal, regulatory, and/or political factors	
	Defend market positions in present markets	
	• Enhance market position in present markets	
Product-related motives	• Fill gaps in present product line	
	Broaden present product line	
	• Differentiate or add value to the product	
Product/market-related	Enter new product/market domains	
motives	• Enter or maintain the option to enter into evolving industries	
	whose product offerings may emerge as either substitutes for, or	
	complements to, the firm's product offerings	
Market structure modification-	Reduce potential threat of future competition	
related motives	Raise/erect entry barriers	
	Alter the technological base of competition	
Market entry timing-related	Accelerate pace of entry into new product-market domains by	
motives	accelerating pace of R&D, product	
	development, and/or market entry	
Resource use efficiency-related		
motives	• Lower marketing costs	
Resource extension- and risk	Pool resources in the light of large outlays required	
reduction-related motives	• Lower risk in the face of large outlays required, technological	
	uncertainties, market uncertainties, and/or other uncertainties	
Skill enhancement-related		
motives	• Enhancement of present skills by working with alliance partners	

The partners pool, exchange and or integrate selected resources for mutual benefit while remaining separate and entirely independent (Byars et al, 1996). An acquisition on the other hand, occurs when one company purchases the assets of another and absorbs them into its own operations (Byars et al, 1996). Acquiring an existing business is the most popular approach to corporate diversification, it has the advantage of much quicker entry into the target market while the same time offering a new way to hurdles such as barriers to entry as patents, technological experience, gaining access to reliable sources of supplies, being of a size to match rival firms in terms of efficiency and unit costs, having to spend enough on introductory promotions to gain market visibility and brand recognition, and getting adequate distribution access (Thompson & Strickland, 1989).

A merger is defined as a combination of two companies into one larger company (Byars et al, 1996). It is a tool used by companies for the purpose of expanding their operations often aiming at an increase of their long term profitability. Mergers occur in a consensual setting where executives from the target company help those from the purchaser in due diligence process to ensure that the deal is beneficial to both parties Partnerships are dynamic relationships; increasingly, they take place in a rapidly changing and turbulent environment. You will want a partner that can weather the inevitable rough spots and take advantage of unexpected opportunities (Ramu, 1998).

In terms of scope, partnering arrangements vary greatly as to the number and variety of participants, and duration. Thus, the number of participants may range from as few as two to many dozens, and the span of the arrangement may range from a single project, through to a series of projects or a specific time frame to open-ended arrangements with no specific termination date (Schacter ,1996). These arrangements can result in innovative, cost-effective and efficient ways to deliver programs and services. They can improve how organizations and institutions serve specific clients' needs by making the right connections across public and private sector organizations, and consequently contribute to achieving results that are meaningful to their organizations (Cuddy & Sharpe, 2000).

Collaborative arrangements as seen in the study are an important source to attain competitive advantage. It's therefore important for companies that want to access a wider market and have a larger customer base access that particular market with the local companies in that country or other companies in the world. Collaborative arrangements need to be analyzed and the proper policies put in place to ensure that the company is able to achieve its goals and objectives without any problems. Policies on the financial contribution, Assets and human resource each company is bringing into the collaboration should ensure that each company fully gains from it (Treasury board of Canadian secretariat, 2003).

It is important to form a collaboration with a company to which will bring gains rather than losses. Therefore, it's important to choose the partners wisely. It is also important for partners to have a good understanding of the risks involved in a particular collaborative initiative and to be clear as to their respective responsibilities for managing those risks. Working collaboratively can increase risks, as the involvement of other players can reduce a manager's direct control over many variables, but it also provides opportunities as covered in the study. The challenge of managing risks within a partnership arrangement is optimization: understanding and managing risk in the context of prudence and innovation. A company that internally develops itself has the challenge of initial costs and access to a wider market to which it can compete with other companies. It's important therefore to carefully consider other partners in order to cut costs. The company should develop and agree upon an approach to achieve competitive advantage which should be communicated, understood and applied by all stakeholders.

Thompson et al suggests that the reasons for entering into collaborations vary and range from the need to expand a company's geographic coverage thereby increasing the customer base, access valuable skills and competencies thereby gaining technical expertise to establishing a stronger position in the industry. Collaborating partners can add to a company's arsenal capabilities and contribute to better strategy execution by building and continually improving and then leveraging partnerships, thereby enhancing its overall organizational capabilities and building resource strengths. These strengths deliver value to customers and consequently pave way for competitive success.

Collaborating partners work closely to advance the design and incorporate new technology all of which helps shorten the cycle time for new models, improve quality and performance of those models and lower overall production costs. The cultivation of these relationships is necessary in strengthening access to local markets, building loyalty and support and commitment for their products and services (Cole, 1997). Robinson (1994) argues collaborations and partnerships are aimed at reducing market competition, cutting costs( such as laying off employees, operating at a more technologically efficient scale), reducing taxes, removing management, empire building by acquiring managers or other purposes which may or may not be consistent with public policy or public welfare. These collaborations have led to increase of choice due to increase of markets, which in turn leads to lower costs, access to new markets that could not previously be possible and Product upgrades which in turn uplifts customer services standards.

According to Hussey (2000), the goal of collaborative arrangements and partnerships in organizations is to add value to an activity whether it's focused on trade or competence, information or overcoming barriers for successful activities in any business enterprise. Without management continuity, there is limited opportunity for individual researchers to develop trust in the organization and become comfortable moving beyond their established areas of expertise.

#### 2.3.4 Benefits of Education Collaborations

Croft et al (1990) also summarised the benefits of collaboration collected from numerous studies conducted between 1975 and 1989. Among the benefits of collaboration are as follows: The capability to effectively resolve large problems which occur system-wide, the ability to use collective resources to meet challenges, and the absorption of risk across the partnership thus reducing the vulnerability of each member. According to Porter (1985) collaborations bring about economies of scale, since the combined company can often reduce duplicate departments or operations, leads to lowering the costs of the company relative to the same revenue stream thus increasing profit. Macmillan & Tampoe (2000) concluded that increased revenue or increased market share are a contributing factor to adopting collaborations, this is under the assumption that the institution will be absorbing a major competitor and thus increase its power by capturing increased market share to set prices.

According to Michael, Jeffery, & Duane (2001) taxes are a benefit to collaborating partners, a profitable company can buy a loss maker to use the target's loss as their advantage by reducing their tax liability. Cole (1997) suggest that the importance of collaborations is geographical or other diversification as it is designed to smooth the earnings results of a company, which over the long term smoothens the stock price of a company, giving conservative investors more confidence in investing in the company. Ghosh (2004) suggested that resource transfer in collaborations ensures that resources are evenly distributed across firms and the interaction of target and acquiring firm resources can create value through either overcoming asymmetry of combining scarce resources, accessing their partner's products; technology and intellectual property (Ball & Mcculloch, 1996).

Extending Departmental Capacity and Impact, Collaborative partnerships work is principally for the public good and resourced primarily through tax payers' contribution. At times, this can enhance its capacity to fulfill its public role by collaborating (e.g., sharing costs, pooling resources) with other organizations who may share one or more of the Department's objectives. In other instances, it may extend its capacity to provide services beyond the public good by recovering from users the costs of providing specialized services (Treasury board of Canadian secretariat, 2003). This may be particularly beneficial to these users when the Department has the expertise to provide a service not readily available in the private sector.

Ghosh (2004) suggests that companies collaborate in order to build both the scientific and technical capacities of other organizations working towards environmental goals. The scientific and technological capacity of company can be used to develop specialized products and services that support industry. A country's overall competitiveness in the global economy is enhanced by allowing the industry access to the expertise of the government. Transferring Environmental Technology Generating much of the companies' core research and knowledge requires long-term effort. Miller (1996) argues that revenue and collaborative arrangements provide companies with a means for engaging clients/partners regarding the services they require. This can lead to the elimination of under-valued services and improvements in the delivery of those services most valued by our clients/partners.

#### 2.4 Trends in Higher Education

Higher education world over is undergoing rapid transformation in the face of changing environmental dynamics. In Kenya, this transformation has seen a rapid expansion of public higher education institutions (HEIs) in the recent past making higher education the biggest growth area in Kenya despite the various challenges posed (Mathooko, 2013). According to Chacha (2004), Higher education in Kenya has witnessed tremendous expansion in terms of the number of students demanding access. This has led to congestion in the facilities that had initially been designed to accommodate only a few students.

Chacha (2004) notes, that over the last four decades, the social demands with respect to higher education in Kenya have clearly intensified. This has been exemplified by the rise in enrolments in public and private universities, the proliferation of more private universities and the establishment of self-sponsored programmes in the public universities. Student enrolment in public universities in Kenya increased very rapidly between 1964 to date, with the current student enrolment in Kenya's universities standing roughly at 55,200 (Sifuna, 1998). With the additional students in the parallel degree programmes, the numbers are now much higher.

Chacha (2004) proposes that for universities to handle increase in demand of higher education the role of private colleges and middle-level training institutions is important and must be supported. There is need to borrow a leaf from India where these colleges work with established universities to offer degrees in certain areas. Some universities in Kenya have tried this with great success. In the U.S. they have Community Colleges which provide a good bridge to universities. Nigerians have succeeded in ensuring that each State has at least a university, over and above the established universities supported by the central government.

Kinyanjui (2007) asserts that higher education is important to deal with post-secondary education broad needs for knowledge, skills and competence which can be provided through a diversified and differentiated, and to give opportunities to increasing number of people needing continuous and life-long learning. He points out that the main challenge of access to higher education is how to increase access to higher education to cater for the increasing high number of school

leavers and others who desire tertiary education (university), while maintaining quality and ensuring equity and affordability.

Mohamedbhai (2014) has illustrated how the increased enrollment has taken place in Kenya. He states that between 1963 and 2002 enrollment in primary school increased from 0.89 to 5.9 million, while secondary school enrollment increased from 31,000 to 650,000. This large number of qualified secondary school graduates has put pressure on the tertiary sector. This creates a compelling need to further increase higher education enrollment, a situation that challenges both institutions and countries. Increase in demand for higher education is a global trend and a similar pattern can be seen in Kenya (Owuor, 2012). He calls rising demand for higher education massification. This term was traditionally employed to describe growth of enrollment beyond the level of reproduction. The term massification has been used in various contexts; massification refers to increase in number of institutions and also increase in enrollments in higher education institutions in Kenya (Owuor, 2012).

Increasingly, public universities are taking over middle level colleges, which used to admit non-university bound school leavers, and turning them into satellite campuses without opening new ones. With the increasing demand for university places, there is an increasing number and variety of middle level colleges in Kenya. Kinyanjui (2007) suggests that the government strengthens the middle level colleges and encourage private and public universities to collaborate with other private colleges and organizations in the improvement of higher education. This would trigger rapid economic growth and industrialization as has been witnessed in Asian giants and newly-industrialized countries such as Japan, among others. Science and Technology publication (2009) reports that the Ministry of Higher Education, Science and Technology(MHST) considers collaborations as a valuable input towards achievement of its objectives and fulfilment of its mandate. In order to realize a great impact in higher and technical education and in science, technology and innovation (ST&I), other partners in the sectors have to be brought on board.

# 2.5 Research Gap

In light of the collaborations' undertaken between the colleges and the universities Competition is not static and varies from institution to institution. The collaboration influences are unique to each institution and previous researches should not be presumed to apply uniformly. Research

into the collaboration of institution with the academic environment (albeit with limited attention to financial allocation), demonstrates how the manipulation of the alliances can produce profound differences in competition. From the literature reviewed, Influence of Strategic Collaborations on the Competitiveness of private Colleges in Nakuru Town is recognized. The outcome of this study is expected to guide academic institution on improving competition.

## 2.6 Conceptual Framework

The figure 2.1 shows the relationship between nature of collaborative strategy and its influence on private colleges' competitiveness. The type of collaborative arrangement chosen depends on the strengths and level of commitment of the partners. They will lead to various benefits such as increase in Customer base (number of students), better perception of college's image by students, Improvement of quality of service in terms Management Capacity, Content of Curriculum, Quality of training, and Certification which leads to the college gaining competitive advantage.

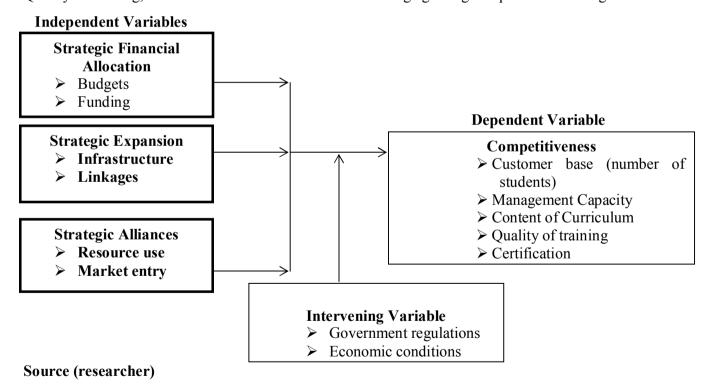


Figure 2.1: Conceptual framework, showing the influence of strategic collaborations on competitiveness in Private colleges.

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter describes the research design to be used in carrying out the study. Description of target population, sample frame, sample and sampling technique, data collection procedures, data analysis and presentation to be used are also discussed within this chapter.

## 3.2 Research Design

The study used descriptive research design aimed at analyzing Influence of Strategic Collaborations on the Competitiveness of Private Colleges in Nakuru Town. Mugenda and Mugenda (2008) define descriptive research design as an approach in research that describes the characteristics or behavior of a particular population in a systematic and accurate fashion. Both qualitative and quantitative approaches will be used. The descriptive research design attempts to collect data from the target population in order to determine the status of the population in relation to topic of study. (Gay, et al., 2006) concurs that descriptive research is significant as surveys abound in educational research and are utilized by many researchers as an investigative tool to collect data in order to address educational questions.

#### 3.3 Population

Population is any set of persons or objects that possesses at least one common characteristic (Busha & Harter, 1980). Population is also defined as a complete set of individuals, cases or objects with some common observable characteristics (Mugenda & Mugenda, 2003). The target population of interest in this study was from the six colleges. These were the only private colleges collaborating with public universities in Nakuru town.

## 3.4 Sampling Design and Sampling Size

According to Cooper & Schindler (2000), research design gives the steps to be followed so as to answer questions and fulfill objectives. Orodho (2003) says that sampling refers to the process of selecting units (for example, people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen. The population under study is not large and therefore a census method was used in

the study. Purposive sampling technique involves selecting certain units or cases based on a specific purpose rather than random (Tashakkori & Teddie, 2003). The study purposively selected 66 respondents (comprising 6 directors, 12 coordinators and 48 heads of departments). Table 3.1 below shows the private colleges and the corresponding sample size.

Table 3.1
Sampling Frame

Institute	Designation	Sample Size
Nairobi Aviation College	Director	1
8	Coordinators	2
	Heads of department	7
Tec Institute	Director	1
	Coordinators	2
	Heads of department	8
Nakuru College of Health Sciences	Director	1
-	Coordinators	2
	Heads of department	9
Kenya Institute Of Professional and Counseling	Director	1
Professional Studies	Coordinators	2
	Heads of department	8
Tracom College	Director	1
-	Coordinators	2
	Heads of department	8
Lake Nakuru Hotel and Tourism Management	Director	1
College	Coordinators	2
	Heads of department	8
Total		66

Source: Researcher, (2016)

#### 3.5 Data Collection Procedures

According to Ngechu (2004), there are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. This is because each tool and instrument collects specific data. The main instrument to be used in the collection of primary data was the questionnaire. The questionnaires contained structured, semi structured and open-ended questions. A letter of introduction to the institutions management was used to facilitate the distribution of the questionnaire to ensure ease in collection of data and access to documents. The questionnaire was administered to the managers of the institutions by the researcher.

#### 3.5.1 Pilot Study

The researcher conducted a pilot exercise for the same. It was carried out in Naivasha town. This area was chosen because it had homogenous characteristics as the study area. It aimed to determine if or not the questions would measure what it was supposed to, test the clarity of wording and find out if there is researcher bias and if questions provoke a response. After piloting and making the necessary amendments, the researcher carried out an evaluation of the revised questions. This include finding out if the questions are clear and specific and if the balance of questions is correct.

## 3.6 Data Processing and Analysis

Once acceptable data had been collected, quantitative data was coded and entered into the computer program for computation of descriptive statistics. Data entry processing and analysis was done using Statistical Package for Social Sciences (SPSS). Analysis of data was undertaken to show the relationships of variables in the study. This study identifies three (3) variables (one dependent and three independent). They are competiveness, strategic financial allocation, strategic expansion and strategic alliances respectively.

The data was analyzed in line with the objectives of the study. To achieve better analysis, descriptive analysis, regression analysis and Pearson correlation coefficient were used. Descriptive analysis was used to describe patterns of behavior or relevant aspects of phenomena

and detailed information about each variable. The first step therefore was to identify the frequencies and percentages, standard deviation, possible maximum and minimum values that each variable can achieve through descriptive analysis. The next step was to apply quantitative analysis (Pearson correlation and regression analysis). The study used correlation analysis, to measure the degree of association between different variables under consideration to be generated using SPSS package.

The regression equation was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Whereby;

Y= competitiveness in private colleges

 $\beta_0$ = Constant

X<sub>1</sub>= Strategic Financial Allocation

X<sub>2</sub>= Strategic Expansion

X<sub>3</sub>= Strategic Alliances

While  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$  are coefficients of determination and  $\varepsilon$  is the error term.

## 3.7 Validity and Reliability of Instruments

According to Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences, which are based on the research results. Validity per se is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda and Mugenda 2003). Reliability in research is influenced by random error, as random errors increase, reliability decreases. Errors may arise from inaccurate coding and ambiguous instructions to the respondents. The questionnaire used in this study was given to three independent experts in consultation with a statistician who evaluated it for face and content validity as well as for conceptual clarity and investigative bias.

This study sought to validate the data using predictive validity. This study further used the internal consistency technique to estimate reliability. Internal consistency technique requires single administration of the instrument and provides a unique, quantitative estimate of the

internal consistency of a scale. This was done using a computer statistic package, which generated an inter-item correlation matrix first, and then summed up all the correlations to estimate the mean correlation. It's interpreted as an estimate of the expected correlation between one test and a hypothetical alternative form containing the same number of items.

To check for multi-collinearity, the VIF value for all the independent variables was checked and found to be should be lesser than 10, and the Tolerance also were less than 0.1, thus there was no concerns over multi-collinearity. According to Kothari (2004) as a rule of thumb, a proposed psychometric instrument should only be used if an á value of 0.70 or higher is obtained on a substantial sample thus the Cronbach alpha value. In this study, Cronbach alpha level was found to be 0.74.

#### 3.8 Ethical Issues

An informed consent was sought from all the respondents. The respondents were given full and detailed explanation of the study. The respondents were made aware of voluntary participation and that confidentiality of their responses would be guaranteed. They were not required to indicate their names and that no victimization would be used should respondent decline to respond or fill the questionnaires provided.

#### **CHAPTER FOUR**

#### DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the data analysis, presentation and discussion of findings on the data collected from respondents on the Influence of Strategic Collaborations on the Competitiveness of Private Colleges in Nakuru Town. The main objective of the study was to determine the influence of strategic financial allocation on competitiveness, to explore the influence of strategic expansion on the Competitiveness and to assess the influence of strategic alliances on the Competitiveness of Private Colleges in Nakuru Town. Descriptive and inferential statistics and discussions are covered under this section.

## 4.2 Response rate

The study targeted a total of 66 respondents on the Influence of Strategic Collaborations on the Competitiveness of Private Colleges in Nakuru Town. Out of the 66 questionnaires issued, 62 were returned giving a 94% response rate as shown in Table 4.1. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% is rated very good. This implies that based on these assertions; the response rate for this study, 94% was therefore excellent and acceptable.

Table 4.1

# Response Rate

Re	sponse Rate	Questionnaire administered	Questionnaires filled and returned	Percentage
To	tal	66	62	94
~	D 1 D			

Source: Research Data, 2016

From Table 4.1, the results indicate that the researcher obtained high questionnaire rates of return. This was attributed to the methods used in data collection. The researcher pre-contacted the administrators of each sampled colleges prior to administration of questionnaires. According to D. Gall, Gall and Borg (2007), a pre-contact is an earlier message in which the research participants identify themselves, discuss the study purpose and request for co-operation. The questionnaires were then administration of research instruments. The questionnaires were then

collected after the response time was over. Additionally, the cover letter containing detailed instructions was sent with the questionnaires to respondents. These approaches influenced the excellent questionnaire rates of return.

### 4.3 Demographic information

The study found it important to establish the demographic information in order to establish the Influence of Strategic Collaborations on the Competitiveness of Private Colleges in Nakuru Town. The following section presents the overall response characteristics of the data collected during fieldwork. To present sample characteristics, frequency distributions were used to indicate variations of respondents based on gender, organisations, current position, years of experience and designation. A thorough description of participants allows readers and researchers to determine to whom research findings generalize and allows for comparisons to be made across replications of studies. Frequencies and percentages aided the study in illustrating the characteristics of the respondents and nature of the data in line with the study questions.

#### **4.3.1** Gender.

The researcher sought to know the major demographic characteristic of the directors, coordinators and heads of departments' respondents who participated in the study by gender. The findings indicated that 34% of the Directors were female while 66% were male. On the part of the coordinators, 36% were female while the male coordinators were 64%. The Heads of department had 29% being female while the male were 71%. The gender of respondents is presented in Table 4.2.

Table 4.2 Directors, Coordinators and Heads of Departments

	Directors		Coordinato	rs	Head Of Departments		
	frequency	%	frequency	%	Frequenc		
Male	4	66	5	64	34	71	
Female	2	34	3	36	14	29	
Total	6	100	8	100	48	100	

Data from Table 4.2 indicate that there were more male respondents than females and established that there is a wide disparity between males and females in service at the level of directors, coordinators and Heads of Departments in colleges in Nakuru town. In agreement with the

finding of the number of women, Hechanova, Benedito & Edna (2006) observed that despite the progress made by women in the workplace, disparities still exist. The International Labor Organization (ILO), cited in Hechanova, et al (2006) reported that although women represent over 40% of the global workforce, they comprise only 20% of management positions. In addition, ILO established that in the largest and most powerful companies worldwide, women comprise only 3% of top positions.

Katundano's (2008) finding that women in academia lack moral support, mentoring and encouragement explains this phenomenon as these factors limit them to excel to full deanship positions and other related higher education ranks. She recommended that women should empower themselves as achievers in academia by always seeking information on promotion, research, publishing, and conference opportunities. Other challenges that Kenyan female academics face include discriminatory appointments into positions of authority, lack of opportunities for further training, sex role stereotyping, among others (Mulinge, 2001, cited in Kipkebut, 2010).

The finding also tend to agree with Ellison (2001) who examined the chronic shortage of women in senior management positions, 19% in this study, in the surveying profession within the United Kingdom and found that the female respondents tended to dominate the younger age ranges, showing a significant reduction in their representation in age groups over 40 years where the male respondents dominated the data set. There are theories that have been advanced to explain this phenomenon one of which is the physiological theory which focuses on differences between people and suggests that physiologically, men are more inclined to want top jobs and positions of authority in society than women (Goldberg, 1993, cited in Ellison, 2001).

## 4.3.2 Age of Respondents

Different ages have different perspectives to the things that affect their lives; therefore, it was important to establish whether different age groups had different levels of competitiveness In this study, the dominant age bracket (33%) for the directors was the (50 to 54) age group. The age group that attained the highest percentage (25%) in terms of numbers, among the coordinators, was the middle adulthood (44 to 54) age group, made up of 6 coordinators. Results for the age of

heads of departments respondents indicated that the middle adulthood age groups (35 - 39) was 44% and (40 - 44) was 25% while (45 - 49) was 18% in that order.

The results displayed in Table 4.2 show that the colleges had almost a concentration of age groups of between 30 to 64 years. The effect of age on competitiveness of the colleges was calculated. The mean score of the academic staff between 30-39 years of age was 4.54 while for those between 40 and 54 years was 5.06 and those between 55 and 64 was 5.22.

The findings are also similar to those of Stefanovska-Petkovska, Bojadziev and Stefanovska (2014) who did a research on the role of collaboration in fostering enhancing education from four cities in Republic of Macedonia and found that only the age of the respondents and their term in the department showed significant relationship with being competitive. This means that employees who are older and have worked for more years in the department are more motivated to competing with compared to younger employees with shorter work experience. Unlike younger employees, older employees were found to be more committed to their universities, satisfied with their jobs and less likely to quit because of the investments they had in their universities, the experiences they had accumulated over the years and limited alternative employment opportunities due to declining expectations from their jobs (Mbogo, 2015).

Table 4.3

Age of Respondents

	Directors		Coordina	tors	<b>Heads of Departments</b>		
Age Bracket	frequecy	%	frequecy	%	frequecy	%	
Below 30 Years	_	_	_	_	_	_	
30 - 34 Years	-	-	-		3	6	
35 - 39 Years	-		1	12.5	21	44	
40 - 44 Years	1	17	2	25	12	25	
45 - 49 Years	1	17	2	25	9	18	
50 - 54 Years	2	33	2	25	2	4	
55 - 59 Years	1	17	1	12.5	1	2	
60 - 64 Years	1	17	-	-	-	-	
65 - 69 Years	-	-	-	-	-	-	
Above 70 Yrs	-	-	-	-	-	-	
Total	6	100	8	100.0	48	100	

Source: Research Data, 2016

Hagedorn (1994) contended that older academics may be more satisfied because they have had the time to align their work situation with their competences or interests. Toker (2011) investigated the levels of competition among academics in the colleges of Turkey and examined the effects of demographics on levels of competitiveness among them. Among demographic variables, age in higher education as a whole was significantly related to competition.

Changes in life and career stage can encourage career reassessment and bring into question whether one's current work and career trajectory matches career goals. Based on her earlier research on the relationship between job satisfaction and proximity to retirement Hagedorn, (1994), and Hagedorn (2000) observed that the determinants of competitiveness vary depending on whether one is in early career, midcareer or late career. In this study, age was used as a proxy for career stage and the regression results showed that late career academics (those over 55 years of age) were significantly more competitive than midcareer and early career academics.

## 4.3.3 Level of Education and Category of the respondents

Cross tabulation was used by the researcher to present the level of education and category of the respondents. Table 4.4 presented the results:

Table 4.4:

Level of Education and Category of the respondents

<b>Education levels</b>		Respondent Cate	egory
	Directors	Coordinators	Heads of departments
Diploma	-	-	-
Degree	2	1	12
Masters	2	7	33
PhD	2	-	3

Source: Primary data

From Table 4.3, all the respondents who possessed none of the respondents had a diploma level of education. For the degree, 13% were directors and 7% coordinators and 80% being heads of departments. For the master's degree holders, 5% were directors and 17% were coordinators while 79% being heads of departments. Lastly, for the PhD holders, 40% directors and 60% were heads of departments.

## 4.3.4 Years of Experience

Years of experience as a demographic variable is important to this study because comparisons reveal differences in competitiveness by different ages this will enrich the study. According to findings of this study, the working experience of the majority of the respondents were in the 6-10 years of experience bracket with 17% being directors, 50% coordinators and 54% Heads of departments. It was interesting to note that those who had a work experience of 20 years and above posted low percentages of 33% and none for the coordinators and the heads of departments respectively. Table 4.5 illustrates this scenario.

Table 4.5

Representation of Respondents by Years of Experience

Directors			Coordinato	rs	Heads of Departments		
Experience	Frequecy	%	Frequency	<b>%</b>	Frequecy	%	
1-5 Yrs	1	17	2	25	15	31	
6-10 Yrs	1	17	4	50	26	54	
11-15 Yrs	1	17	2	25	7	15	
16-20 Yrs	1	17	-	-	-	-	
Over 20 Yrs	2	33	-	-	-	-	
Total	6	100	8	100	48	100	

Source: Research data 2016

The effect of work experience on competitiveness was measured and the mean score for academic staff with experience between 1 and 5 years was 4.14, those whose experience ranged between 6 to 10 years had a mean score of 5.26 while those who had more than 20 years of experience attained a maximum score of 7. This established that academic staff with the most experience rated themselves as highly competitive. The study therefore established that collaboration improved steadily with working experience.

These concur with the findings of Bender and Heywood (2006) who conducted a study of PhD holders in sciences, working either inside or outside academic environment in USA and also found that collaboration was positively correlated with working experience. Also, Toker (2011) investigated the collaboration among academics in the universities of Turkey and examined the

effects of demographics on levels of competition among them and found that length of service in higher education as a whole was significantly related to competitiveness.

## 4.4 The Findings of the Study

The findings of the study were related to the three research questions and the responses attained from questionnaires. The study findings on the research questions covered aspects of strategic financial allocation, strategic expansion and strategic alliances.

The researcher prepared a Likert scale and computed a total score for each respondent. These together with other items were each rated on a 5-point Likert scale ranging from: 1= Strongly Agree to 5= Strongly Disagree and the results summarized and presented.

## 4.4.1 Strategic Financial allocation

The first research hypothesis sought to test the significance of the influence of strategic financial allocation on the competitiveness in private colleges in Nakuru Town. Due to the very rapid expansion of the education sector, the government has encouraged the colleges to establish alternative strategies for generating additional funding. The privately-sponsored student programmes and the establishment of university are some strongly emerging examples. In the discussions that follow, the responses elicited will be used to deduce conclusions on the influences of strategic financial allocations on colleges. According to Nachmias and Nachmias (2007), Likert scaling; that the researcher has used; is a method designed to measure attitudes and as such it was applied in this study.

The scores in Table 4.6 showed the reactions of respondents to the examined strategic financial allocation. The statement: Collaborations has focused more on Market and service/ product expansion was agreed at ( $\chi^2$  =42, P≤0.001). A study commissioned by CHE (Gichaga, 2005) found that there was limited collaboration between Kenyan universities and colleges. This is partly due to lack of awareness of the local colleges of the potential for research contributions from Kenyan universities or lack of awareness of university researchers of college needs. On the Collaborations aiming at Profit strategies the respondents agreed at ( $\chi^2$  =24, P≤0.001). This is the core reason as to the collaboration higher learning institutions.

The finding revealed that collaborations intend to gain on Market entry ( $\chi^2$  =40, P≤0.001) and thereafter have large numbers in their institutions for self-sustenance. On aspects of collaborations enhancing Revenue realization the respondents agreed ( $\chi^2$  =27, P≤0.001) while on issues Collaborations stressing economies of scale or product efficiency, the respondents agreed ( $\chi^2$  =28, P≤0.001). The findings are in agreement with Roig (1989), the main objectives that the firms achieve when they adopt collaborative agreements are an economy of these resources and the reduction of excesses in production processes. Cooperation allows a firm to concentrate on its resources and distinctive competencies and to achieve other resources in specialty areas.

Table 4.6

Strategic Financial Allocation

Strategic Financial Allocat							
	Strongly	Agree	Neutral	Disagree	Strongly		
Assessment Areas	Agree	(%)	(%)	(%)	disagree		
	(%)				(%)	-	D X7 1
	5	4	3	2	1	$\chi^{^2}$	P-Value
Collaborations have	24(42)	24(39)	8(13)	3(5)	1(2)	42.167	0.001
focused more on Market	` ´	` ′	` '				
and service/ product							
expansion.							
Collaborations aim at	25(40)	26(42)	8(13)	3(5)	-	24.933	0.001
Profit strategies.	. ,	` '	. ,	. ,			
Collaborations intend to gain	23(38)	25(41)	6(10)	3(5)	4(7)	40.333	0.001
on Market entry.							
Collaborations have	24(39)	20(32)	9(15)	6(10)	3(5)	27.167	0.001
enhanced Revenue							
realization.							
Collaborations stress	25(41)	13(21)	15(25)	7(11)	1(2)	28.00	0.001
Economies of scale or							
product efficiency.							
Collaborations stresses on	23(38)	16(27)	11(18)	9(15)	1(2)	22.333	0.001
Spreading financial risk.							
Collaborations are key on	24(39)	28(45)	7(11)	2(3)	1(2)	56.500	0.001
Managing competition.							
Collaborations aim at	17(28)	22(36)	11(18)	6(10)	5(8)	17.88	0.001
Increasing available capital.							

Source: Research Data, 2016

The study further established that most respondents agreed ( $\chi^2$  =22, P≤0.001) that collaborations stresses on Spreading financial risk. Finance is hard to allocate during a rough economical time, and companies must be able to promise value in order to acquire financial resources in an institution (Ganley, 2010). On Collaborations are key on Managing competition the respondents agreed ( $\chi^2$  =56, P≤0.001) while in matters Collaborations aiming at increasing available capital the respondents agreed ( $\chi^2$  =17, P≤0.001).

In summary the study established that all assessment areas were significant. The most associative aspect in the strategic financial allocation to competitiveness was that collaborations is key on managing competition while the least association was evidenced by collaborations aim at increasing available capital. This implies that we reject the null hypothesis that there is no significant influence between strategic financial allocation and Competitiveness of Private Colleges in Nakuru Town.

#### 4.4.2 Strategic Expansion

The second research hypothesis sought to test the significance of influence of strategic expansion on the Competitiveness of Private Colleges in Nakuru Town. Colleges are contributors to education capabilities expansion in students regardless of the type or location of a given university. This is evidenced by gaining collaborative advantages with other institutions of higher learning, circumvent barriers to collaborations posed by legal, regulatory, and/or political factors, and defend market positions in present markets and Enhance market position in present markets.

Table 4.7 Strategic Expansion

Assessment Areas	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	$\chi^2$	P- Value
Collaborations are pro technology development/acquisition	27(43)	21(34)	6(10)	6(10)	2(3)	39.500	0.000
Collaborations are key on Vertical integration	24(39)	25(41)	6(10)	4(7)	2(3)	44.167	0.000
Collaborations aids Acquisition of technical knowledge/skills	22(36)	21(34)	13(21)	4(6)	2(3)	26.167	0.000
It aids infrastructural growth	24(39)	22(35)	6(10)	8(13)	2(3)	29.500	0.000
Facilitates superior research work	25(41)	19(31)	9(15)	6(10)	2(3)	31.33	0.000
In alliance-related decisions, people are primarily concerned improved systems	21(35)	22(37)	8(13)	6(10)	3(5)	26.167	0.000
Eases operation	26(43)	23(38)	7(11)	4(6)	1(2)	66.00	0.000

Source: Research Data, 2016

The scores in Table 4.7 showed the reactions of respondents to the examined strategic expansion. The statement: Collaborations is pro technology development/acquisition the respondents agreed ( $\chi^2$  =39, P≤0.001). This is in agreement with Hussey (2000), that technology development of collaborative arrangements and partnerships in organizations is to add value to an activity whether it's focused on trade or competence, information or overcoming barriers for successful activities in any Institution. On Collaborations being key on Vertical integration the respondents agree ( $\chi^2$  =44, P≤0.001). Collaborations aids Acquisition of technical knowledge/skills was agreed ( $\chi^2$  =26, P≤0.001). Ghosh (2004) suggests that institutions collaborate in order to build both the scientific and technical capacities of other organizations. The statement that collaborations aids infrastructural growth was agreed ( $\chi^2$  =29, P≤0.001). Ghosh (2004) suggested that resource transfer in collaborations ensures that resources are evenly distributed across institutions and the interaction of target and acquiring firm resources can create value through either overcoming asymmetry of combining scarce resources thus aiding growth.

The statement collaboration facilitates superior research work was agreed ( $\chi^2$  =31, P≤0.001). This statement is in agreement with Ball & Mcculloch, (1996), who stressed that access to other partner's research; technology and intellectual property helps bring out superior research work.

In response to alliance-related decisions, people are primarily concerned improved systems the respondents agreed ( $\chi^2$  =26, P≤0.001) while the statement collaborations eases operations was agreed ( $\chi^2$  =66, P≤0.001).

In summary the study established that all questions were significant and the most associative aspect in the strategic expansion to competitiveness was that collaborations eases operations while the least association was evidenced by collaborations in alliance-related decisions, people are primarily concerned improved systems. Hence forth, the null hypothesis that Strategic expansion has no significance to Competitiveness of Private Colleges in Nakuru Town is rejected.

# 4.4.3 Strategic Alliances

The third research hypothesis sought to test the significance of the influence of strategic alliances on the Competitiveness of Private Colleges in Nakuru Town. Strategic Alliances are sought to control environment by acquiring important resources, reducing uncertainty, securing a market advantage, and gaining needed knowledge. Strategic alliances has been a result of the changing nature of the economic environment in the last decade and firms are merely reacting to changes in their environment and gives less support to the idea that firms form alliances to actively seek out new opportunities through joint discovery and knowledge acquisition

Strategic Alliances

Table 4.8

Assessment Areas	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	$\chi^2$	P- Value
	5	4	3	2	1		
It has improved work structures	27(44)	24(38)	8(13)	3(5)	-	33.33	0.00
Facilitated better methodologies of operations	25(41)	25(41)	8(13)	3(5)	-	24.933	0.00
Opened up new opportunities	24(40)	22(37)	11(18)	3(5)	-	19.333	0.00
Enabled corporate restructuring	21(34)	26(42)	10(16)	3(5)	2(3)	35.833	0.00
Higher investment returns	22(35)	28(45)	9(15)	3(5)	-	27.300	0.00
Led to acquisition of firm specific knowledge	32(52)	26(42)	4(6)	-	-	25.200	0.00
New technology acquisition	26(42)	28(45)	6(10)	2(3)	-	35.867	0.00
Innovation has improved	29(48)	23(38)	7(11)	2(3)	-	34.000	0.00

Source: Research Data, 2016

The scores in Table 4.8 showed the reactions of respondents to the examined strategic alliances. The statement: Collaborations has improved work structures the respondents agreed ( $\chi^2$  =33, P≤0.001) while it facilitated better methodologies of operations was agreed at ( $\chi^2$  =24, P≤0.001). Responses on collaborations having opened up new opportunities was agreed at( $\chi^2$  =19, P≤0.001). Studies have found that alliances have both intended and unintended impacts (Lipsey, & Freeman, 2004), which often surface only after evaluating the goals of the alliance against the outcomes. Collaborations enabling corporate restructuring was agreed at ( $\chi^2$  =35, P≤0.001) while higher investment returns was agreed at ( $\chi^2$  =27, P≤0.001). Collaborations Leading to acquisition of firm specific knowledge was agreed at ( $\chi^2$  =25, P≤0.001) while on new technology acquisition ( $\chi^2$  =35, P≤0.001) and lastly Innovation has improved ( $\chi^2$  =34, P<0.001).

In summary the study established that all questions were significant and the most associative aspect in the strategic alliances to competitiveness was that collaborations enhances new technology acquisition while the least association was evidenced by collaborations opened up new opportunities. The null hypothesis that Strategic alliance has no influence on competitiveness of Private Colleges in Nakuru Town is therefore rejected.

## 4.4.4 Competitiveness

The researcher sought to determine the levels of general competitiveness of Private Colleges in Nakuru Town.

The scores in Table 4.9 showed the reactions of respondents to the examined levels of competitiveness in the colleges. The study established that collaboration has improved the learning mechanism in the institutions ( $\chi^2 = 33$ , P $\le 0.001$ ), this is to mean the question was an important aspect pertinent to the competitiveness of the colleges in Nakuru town.

The respondents agreed ( $\chi^2$  =21, P≤0.001) that efficiency has been realized and was also significant to the competitiveness of the colleges. On funding mechanism having encouraged increase on student enrolments the respondents agreed ( $\chi^2$  =26, P≤0.001). On collaboration

having improved graduate employability the respondents agreed ( $\chi^2$ =12, P≤0.003) while on issues curriculum development & improvement ( $\chi^2$  =45, P≤0.001). The research questions were equally significant. The response to improved program quality and other KPI indicators elicited ( $\chi^2$ =3.2, P≤0.071) which was not significant to competitiveness in the study. This can be implied by the conflict of interest of one group to another in efforts of merging the improved programs to fit the new standards. On program modernization is dynamic the respondents agreed ( $\chi^2$ =22,P≤0.001) while on faculty professional development being prevalent ( $\chi^2$ =34, P≤0.001).

Table 4.9

Competitiveness of Private Colleges in Nakuru Town.

ASSESSMENT AREAS	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	$\chi^2$	P-Value
	5	4	3	2	1		
Collaboration has improved	39(63)	23(38)	-	-	-	33.267	0.001
the learning mechanism in the institutions							
Efficiency has been realized	34(55)	20(32)	8(13)	-	-	21.067	.001
Funding mechanism has encouraged increased on student enrolments	34(55)	24(38)	4(6)	-	-	26.800	.001
Improved graduate employability	29(48)	31(52)	-	-	-	12.670	.003
Curriculum development & improvement	28(45)	28(45)	5(8)	1(2)	-	45.200	.001
Improved program quality and other KPI indicators	37(61)	23(38)	1(2)	-	-	3.267	.071
Program modernization is dynamic	34(55)	22(35)	6(10)	-	-	22.800	0.000
Faculty professional development is prevalent	26(42)	22(35)	6(10)	5(8)	3(5)	34.167	0.000
High Support of teaching excellence is encouraged	27(44)	28(45)	5(8)	2(3)	-	16.900	.000
There has been Regional Economic development	41(66)	21(34)	-	-	-	8.067	0.005
Institutional type – Recognition has advanced the intake rates	40(65)	22(35)	-	-	-	25.400	0.020
There has been Leadership development, social innovation, service learning	33(53)	27(44)	2(3)	-	-	27.700	.001
Learning curve has improved	35(57)	18(29)	4(6)	5(8)	-	44.933	0.000
Blended learning models has improved	27(44)	29(47)	6(9)	-	-	14.800	0.001

Source: Research Data, 2016

High Support of teaching excellence is encouraged was agreed ( $\chi^2$  =16, P≤0.001) while there has been regional economic development ( $\chi^2$  =8, P≤0.005). On issues institutional type – Recognition having advanced the intake rates the response was ( $\chi^2$  =25, P≤0.020) and being significant. There has been Leadership development, social innovation, service learning was agreed ( $\chi^2$  =27, P≤0.001) and learning curve having improved was ( $\chi^2$  =44, P≤0.001) and blended learning models has improved being ( $\chi^2$  =14, P≤0.001).

In summary the study established that not all the questions were significant but the most associative aspect to competitiveness was that curriculum development & improvement while the least association was evidenced by there has been regional economic development.

#### 4.5 Inferential statistics

Inferential statistics makes inferences about populations using data drawn from the population in an effort to reach conclusions that extend beyond the immediate data alone.

## 4.5.1 Correlation analysis

Correlation coefficients measure the strength of association between two variables. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases. To be precise, it measures the extent of association between the ordering of two random variables although; a significant correlation does not necessarily indicate causality but rather a common linkage in a sequence of events. Thus, the study analyzed the relationships that are inherent among the independent and dependent variables as well as among the independent variables/ factors. The results regarding this were summarized and presented in table 4.10.

Table 4.10

Correlations Matrix

		Strategic Financial Allocation	Strategic Expansion	Strategic Alliances	Competitiveness
Strategic					
Financial	Pearson				
Allocation	Correlation	1			
	Sig. (2-tailed)	0.001			
Strategic	Pearson				
Expansion	Correlation	.373**	1		
_	Sig. (2-tailed)	.000			
Strategic	Pearson				
Alliances	Correlation	.303**	.334**	1	
	Sig. (2-tailed)	.000	.000		
	Pearson				
Competitiveness	Correlation	.527**	.484**	.526**	1
	Sig. (2-tailed)	.000	.000	.000	

Source: Research Data, 2016

A correlation analysis to determine whether Strategic Financial Allocation had an influence on competitiveness on colleges shows a positive and significant relationship exist(r=0.527,  $\alpha$  = 0.001). This suggests that Strategic Financial Allocation was an important factor in enhancing college competitiveness .The correlation analysis to determine whether Strategic Expansion had a direct relationship on the Competitiveness shows a relationship exist(r = 0.484,  $\alpha$  = 0.001). This implies that Strategic Expansion was significant to enhancing college competitiveness

Finally the correlation analysis sought to determine whether Strategic Alliances had a causal relationship with the Competitiveness shows a positive and significant relationship exists (r = 0.526,  $\alpha = 0.001$ ). The relationship is high suggesting Strategic Alliances being a significant factor in increased college Competitiveness.

It can therefore be concluded that all the variables were significant to the study problem although the degrees of influence varied.

## 4.5.2 Regression analysis

A Multiple linear regression model was used to predict increase in revenue collection in the study. The prediction was carried out basing on the effect of the three independent factors: Strategic Financial Allocation, strategic expansion and strategic alliances.

This is supported by coefficient of determination also known as the R square of 50.7%. This means that Strategic Financial Allocation, strategic expansion and strategic alliances explain 50.7% of the variations in the dependent variable which is strategic collaborations on the competitiveness of private colleges in Nakuru town. This results further means that the model applied to link the relationship of the variables was satisfactory.

Table 4.11

Regression Results

Indicator	Coefficient
R	0.712
R Square	0.507
Adjusted R Square	0.499
Std. Error of the Estimate	0.44419

Source: Research Data, 2016

In statistics, the significance of testing the p-value will help to indicate the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.

#### 4.5.3 Analysis of variance

Table 4.12 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of competitiveness. This was supported by an F statistic of 62.036 and the reported p value (0.000) which was less than the conventional probability of 5% significance level.

Table 4.12

Analysis of variance

Indicator	Sum of Squares	Degrees of freedom	Mean Square	F	Sig.
Regression	48.882	4	12.221	62.036	.000
Residual	47.55	241	0.197		
Total	96.432	245			

Source: Research Data, 2016

## 4.5.4 Regression Coefficients

Regression coefficients results in table 4.13 shows that strategic financial allocation and competitiveness are positively and significant related (r=0.281, p=0.000). The table further indicates that strategic expansion and competitiveness are positively and significant related (r=0.186, p=0.000). It was further established that strategic alliances and competitiveness were positively and significantly related (r=0.313, p=0.000).

Table 4.13

Regression Coefficients

Variables	Unstandardized ß	Std. Error	Standardized B	t	Sig.	Tolerance	VIF
(Constant)	0.072	0.191	<b>r</b>	0.376	.707		
Strategic							
Financial							
Allocation	0.281	0.048	0.295	5.823	.000	.0702	1.425
Strategic							
Expansion	0.186	0.049	0.196	3.79	.000	.0950	1.052
Strategic							
Alliances	0.313	0.052	0.303	6.062	.000	.0551	1.815

Dependent Variable: Increase in competitiveness

Source: Data Results

Thus, the optimal model for the study is best shown using the regression equation,

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Therefore competitiveness in the collaborated colleges = 0.072+0.281 strategic financial allocation + 0.186 strategic expansion + 0.313 strategic Alliances.

The regression results in table 4.13 show that each of the predicted parameters in relation to the independent factors were significant;  $\beta_1$ = .281 (p-value = 0.000 which is less than  $\alpha$  = 0.05)

which implies that we reject the null hypothesis stating that there is no significant relationship between Strategic Financial Allocation and competitiveness. This indicates that for each unit increase in the positive effect of Strategic Financial Allocation, there is 0.281 units increase competitiveness. Furthermore, the effect of Strategic Financial Allocation was stated by the t-test value = 5.823 which implies that the standard error associated with the parameter is less than the effect of the parameter.

The table also shows that  $\beta_2 = .186$  (p-value = 0.000 which is less than  $\alpha = 0.05$ ) which indicates that we reject the null hypothesis stating that there is no significant relationship between Strategic Expansion and competitiveness. This implies that for each unit increase in Strategic Expansion, there is up to 0.186 unit increase in competitiveness. Also the effect of Strategic Expansion is shown by the t-test value of 3.79 which implies that the effect of collaboration surpasses that of the error by over 3 times.

The value of  $\beta_3 = 0.313$  (p-value = 0.000 which is less than  $\alpha = 0.05$ ) which implies that we reject the null hypothesis stating that there is no significant relationship between Strategic Alliances and competitiveness. This indicates that for each unit increase in Strategic Alliances, there is up to 0.313 units increase in competitiveness. The effect of Strategic Alliances is stated by the t-test value = 6.062 which indicates that the effect of collaborations is over 6 times that of the error associated with it.

From the regression model, the VIF of the independent variables, i.e. Strategic Financial Allocation, Strategic Expansion and Strategic Alliances are 1.425, 1.052 and 1.815 respectively indicating that the variables were correlated and multicollinearity was not a problem.

#### CHAPTER FIVE

#### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter addresses the summary of the findings, the conclusions and the recommendations. This is done in line with the objectives of the study.

# 5.2 Summary of Findings

The study findings indicate that there is a significant positive relationship between the variables namely: Strategic financial allocation, strategic expansion, strategic collaboration and strategic alliances.

## 5.2.1 Findings of Strategic Financial Allocation

The study found out that public policy may reduce some of the barriers to formal partnerships by offering financial incentives. Nevertheless, many of the barriers had little to do with finances. Lack of knowledge about opportunities, difficulties in negotiating agreements, lack of support from major stakeholders within the institution, disincentives to share gains, difficulties in resolving disputes, and the potential irreversibility of agreements may all discourage agreements from forming or continuing. The prospect that two institutions may cooperate in some areas while competing in others, either now or in future, has the potential to be destabilizing.

The study found that most institutions had different initial barriers to collaboration. For instance some institutions had concerns about the costs of such collaboration and if these were too high in proportion to the possible benefits. The organization also thought that the fact that it is a small and fairly unknown organization could become a problem in attracting a collaborating partner. The organization also thought that the distance from the university to the organization might pose a barrier.

#### 5.2.2. Findings of Strategic Expansion

The study found out those Collaborations is pro technology development/acquisition and is key on Vertical integration between the universities and the colleges. It also established that Collaborations aids Acquisition of technical knowledge/and infrastructural growth.

Collaborations were also found to facilitate superior research work in alliance-related decisions, since people are primarily concerned improved systems thus eases operations. By forming collaboration, institutions can help each other to share risks and exploit each other's complementary resources (Park et al, 2004). In addition to this, effective long term collaboration can help institutions to eliminate excess inventories and improve customer service levels.

#### **5.2.3 Findings of Strategic Alliances**

According to Peters (2002), collaborative alliance effort should be a process that includes authority, people, power, and resources from each institution to achieve common goals. The study found that strategic alliances were an important factor as vehicles for the acquisition of information and distribution of knowledge. The study identified those combinations of internal and external network characteristics that are potentially beneficial for organizational learning from alliances and derived normative implications for managerial action.

It also looks at the decision-making characteristics on the performance of collaborative agreements. Similar to the propositions of the first study, several significant interaction terms corroborate the need to simultaneously examine decision processes within and between alliance partners in order to gain in-depth knowledge about their impact on strategic alliances. The findings established that alliance can further bring into focus the benefits of cross industry alliances which include market expansion, acquisition of complementary resources, first mover advantage and the ability to handle one's external environment. These factors may help lead to institution growth and the ability to beat competition. Additionally, cross industry alliances may lead to the ability to explore and exploit different customer segments, reduce uncertainty and reduce costs of expansion while improving financial performance.

#### 5.3 Conclusion

In line with the objectives of the study as well as from the findings of the study, it can be concluded that collaboration have become an important delivery channel for competitiveness in colleges.

#### 5.3.1 Conclusion on Strategic financial allocation

The study concludes that due attention should be given to collaborations that aim at increasing available capital and enhance market entry chances. These will improve on economies of scale and or service efficiency. The study concludes collaborations has focused more on market and service/ product expansion and made operations effective from the perspectives of the college management. It has also enhanced revenue realization and spread of financial risk. Financial allocation & capacity of the colleges is of utmost importance. Financial stability of the college is one of the pre-requisites for long term collaboration since collaboration requires partners to invest in updating systems, share risks and resources. The college should have an adequate financial facilities and capacity which can allow it to cater to the unexpected demands of the future.

# 5.3.2 Conclusion on Strategic expansion

The study concludes that institution expansion is an important strategic option in untapped markets. Thus, this cooperation can be treated as a tool which enables firms to expand market and access untapped markets. It can increase customer base and create new market demands through new products and thus to improve firms' financial performance. The reasons for institutions' expansion can be categorized into shrinking of profit in current industry, improving its financial performance. Consequently, cooperation between organizations in different industries can be used as a method to achieve both goals.

## **5.3.3** Conclusion on Strategic Alliances

As a conclusion, it is a combination of adequately designed internal and external structures and processes that enables a company to reap fully the learning benefits provided by its collaborative agreements. Only when structures and processes on these two levels are shaped in a complementary manner will organizations be able to improve the currently unsatisfying success rates of strategic alliances, and the upcoming years could really become, as some researchers have proclaimed, the age of alliance capitalism (Dunning, 1995).

The study concludes that strategic alliances are no longer a strategic option but a necessity in many markets and industries. Dynamic markets for products and technologies, coupled with the increasing costs of doing business, have resulted in a significant increase in the use of alliances.

Strategic alliances are increasingly becoming an important part of overall corporate strategy, as a way to grow product and service offerings, develop new markets and leverage technology and R&D. Strategic alliances are an indispensable tool in today's competitive business environment. No longer can companies afford *ad hoc* approaches to alliance formation and management, any more than they can rely on a small number of talented alliance managers.

Finally new insights on collaborative alliance management tools and strategies, focusing on: leveraging differences with partners to create value, dealing with the internal challenges of making your partnerships succeed; managing the day-to-day challenges of alliances with competitors should be improved.

#### 5.4 Recommendations

The study recommends due attention on collaborative activities between the universities and colleges be sensitized since they can contribute to the success of future joint curriculum development project. They will subsequently inform policy designers as they make decisions about the development of the future collaborative schemes. This will help promote decentralization of the curriculum development process consequently broadening and stimulating of the modes of collaboration.

The study recommends that more power be given to the grassroots academic divisions as those who secure the adequate return of the human and financial investments. This will promote research on strategies variations, working habits, compatibility and professional coherence with partners. Finally after analyzing the collaboration between the universities and colleges industry from the researchers point of view, it thus follows that recommendations on what companies should take into account before collaboration with universities and how to improve the collaboration.

#### 5.5 Areas for Further Research

Based on the framework developed and the findings in this study, in relation to the state of collaboration in university-college relationships, several implications and opportunities for further research are seen.

Firstly, the study indicates that there is potential for generating new knowledge about university-college relationships by further micro level studies focusing on interaction processes. To capture the complex and largely informal nature of linkages between industry and universities, further research on the process perspective could yield added insight. To do this, and to extend the process focus beyond the project initiation stage, further research following interactions over time is needed. Collecting longitudinal data, by following concrete R&D collaboration projects over time also after they formally end, can represent a new approach. This approach can provide further knowledge about initiation and coordination of R&D collaboration, and also about how knowledge is created and exchanged in collaborations.

A second issue for further research concerns development of the integrated framework and further investigation of the relationship between knowledge networks, establishment of collaboration projects and exchange of knowledge. To further develop the framework, a quantitative study could provide a critical test of the relationships found in this qualitative study. The qualitative study and theoretical analysis carried out here provide a more comprehensive basis for formulating testable propositions.

My findings underscore the importance of alliances. If institutional processes are not in place to manage the alliance benefits, a potential fruitful partnership can quickly run dry. Future research must thus not only investigate further processes that facilitate the building of an alliance capability, but also create intra organizational processes that enable the organization to reap the benefits of a well-managed alliance by sharing information within the organization. Future studies could also be conducted from point of other actors like the financial institution or Government with other formal Research and Development institutions.

Further research could also be undertaken between universities and industry context to understand the mechanisms by which universities transfer R&D knowledge in order to increase industry competitiveness and efficiency as well as overall economic and social development. Research on how collaboration with universities influences the decision making procedures in industry firms may be a relevant topic, as would be research that explores how intellectual property rights are negotiated between universities and industry partners.

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APPENDIX I: INTRODUCTORY LETTER TO THE RESPONDENTS

Givans Kiprotich Konga

P.O Box 10-20157,

Kabarak.

Dear Sir / Madam,

**RE: REQUEST FOR DATA COLLECTION** 

I am a postgraduate student in the School Of Business and Economics, Kabarak University

pursuing Master of Business Administration Degree. Following my research proposal I am

carrying out a research on the influence of collaborations strategy on the competitiveness of

private colleges in Nakuru town.

I hereby kindly request you to fill the questionnaire attached to this introductory letter to aid my

study as well as to fulfill the requirement of Master of Business Administration, (Strategic

Management option).

I have selected your institution as the main target population. Details of each section in the

questionnaire are specified therein.

All information that you provide will be treated with utmost confidentiality for purely academic

purposes.

Yours Faithfully,

Givans Kiprotich Konga

(Researcher).

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# APPENDIX II – QUESTIONNAIRE

This is a master's research work being undertaken for Kabarak University Business School with the aim of deepening my understanding on strategic collaborations on the competitiveness of private colleges in Nakuru town. Any information given will be kept confidential. Thank you for your co-operation.

# **Section 1: Demographic Information**

Please provide the following demographic information by marking the appropriate blanks.

1.	Gender
	Female Male
	Ageyears Education
Highes	st degree obtained
	Diplomas Bachelor's Master's PhD
4.	Teaching Experience
Numb	er of years teaching
5.	Position
What i	is your job title?
	Director Coordinator Head Of Department
6.	Name and designation of the firm you are affiliated with:

# **Section II: Strategic Financial Allocation**

This section focuses on the Financial Allocation that influence competitiveness in colleges in Nakuru Town.

Indicate your level of Agreement by circling appropriately using a scale of 1 to 5 where; 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree) 5 (Strongly Agree). Tick/Circle N/A if the assessment area is Not Applicable to you.

	Strongly	Agree	Neutral	Agree	Strongly
ASSESSMENT AREAS	Disagree				Agree
	1	2	3	4	5
Collaborations has focused more on Market					
and service/ product expansion					
Collaborations aim at Profit strategies					
Collaborations intend to gain on Market entry.					
Collaborations have enhanced Revenue					
realisation					
Collaborations stresses Economies of scale					
or product efficiency					
Collaborations stresses on Spreading financial					
risk					
Collaborations are key on Managing					
competition					
Collaborations aim at Increasing available					
capital.					

## **Section III: Strategic Expansion**

This section focuses on Strategic Expansion activities that influence competitiveness in colleges in Nakuru Town.

Indicate your level of Agreement by circling appropriately using a scale of 1 to 5 where; 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree) 5 (Strongly Agree). Tick/Circle N/A if the assessment area is Not Applicable to you.

	Strongly	Agree	Neutral	Agree	Strongly
ASSESSMENT AREAS	Disagree				Agree
	1	2	3	4	5
Collaborations is pro technology					
development/acquisition					
Collaborations is key on combining all activities					
Collaborations aids Acquisition of technical					
knowledge/skills					
It aids infrastructural growth					
Facilitates superior research work					
In alliance-related decisions, people are primarily					
concerned improved systems					
Eases operations					

# **Section IV: Strategic Alliances**

This section focuses on Strategic Alliances activities that influence competitiveness in colleges in Nakuru Town.

Indicate your level of Agreement by circling appropriately using a scale of 1 to 5 where; 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree) 5 (Strongly Agree). Tick/Circle N/A if the assessment area is Not Applicable to you.

A CCECCMENTE A DE A C	Strongly	Agree	Neutral	Agree	Strongly
ASSESSMENT AREAS	Disagree				Agree
	1	2	3	4	5
It has improved work structures					
Facilitated better methodologies of					
operations					
Opened up new opportunities					
Enabled corporate restructuring					
Higher investment returns					
Led to acquisition of firm specific					
knowledge					
New technology acquisition					
Innovation has improved					

# Section V: Competitiveness

This section focuses on the areas dependent on competitiveness of the private colleges.

Indicate your level of Agreement by circling appropriately using a scale of 1 to 5 where; 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree) 5 (Strongly Agree). Tick/Circle N/A if the assessment area is Not Applicable to you.

ASSESSMENT AREAS	Strongly Disagree	Agree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
Collaboration has improved the learning					
mechanism in the institutions					
Efficiency has been realized					
Funding mechanism has encouraged increased on					
student enrolments					
Improved graduate employability					
Curriculum development & improvement					
Improved program quality and other KPI					
indicators					
Program modernization is dynamic					
Faculty professional development is prevalent					
High Support of teaching excellence is encouraged					
There has been Regional Economic development					
Institutional type – Recognition has advanced the					
intake rates					
There has been Leadership development, social					
innovation, service learning					
Learning curve has improved					
Blended learning models has improved					

Thank you.

# APPENDIX III: EXISTING UNIVERSITY-COLLEGE COLLABORATIONS

# **Existing University-College Collaborations** College University Tracom College Jomo Kenyata College of Agriculture & Technology Nairobi Aviation College Moi University Tec Institute Moi University Nakuru College of Health Sciences Moi University Kenya Institute of Professional Counseling and Egerton University Professional Studies Lake Nakuru Hotel and Tourism Management Egerton University College

Source: Kenya Bureau of Statistics, 2015

#### APPENDIX IV: LETTER OF AUTHORIZATION TO CARRY OUT RESEARCH



# SCHOOL OF BUSINESS & ECONOMICS

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17th October, 2016

To Whom It May Concern:

Dear Sir/Madam.

RE: GIVANS KIPROTICH KONGA - GMB/M/0349/09/09

This is to confirm that the above named is a bonafide student of Kabarak University pursuing a Master of Business Administration (Strategic Management Option).

Givans has completed his coursework and currently carrying out a study on "Influence of Strategic Collaborations on the Competitiveness of Private Colleges in Nakuru Town."

Your assistance will be highly appreciated.

Thank you.

Yours faithfully.

BUSINES SCHOOL

Dr. John Gathii

Ag.Dean

Kabarak University Moral Code

- As members of Kabarak University family, we purpose at all times and all places, to set apart in one's heart, Jesus as Lord.
(1 Peter 3:15)