

Influence of Market Development Strategies on Organizational Performance of Kenyan Public Universities

Fredrick Kariithi Githui & Fanice Junge Nafula

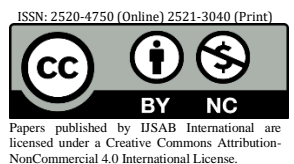
Abstract

Market development involves selling an already existing product into a market that was not buying the product before; the strategy can involve selling the product to different customer segment, selling the product in a new area or regions in which the product was not being sold or even in markets out of the country. This study aimed to investigate the adoption of market development strategies and its relationship with the organizational performance of public universities in Kenya. Market development strategies are important in promoting the performance of organizations, including public universities. Public universities in Kenya are faced with increasing competition government funding for public universities has been inadequate, leading to a strain on resources and a need for alternative sources of revenue and declining enrolment numbers, leading to a need to develop effective market development strategies to remain competitive and achieve their goals. Market development strategies have been defined as the process of identifying and targeting new market segments for existing products or service This study aims to explore the influence of market development strategy on the organizational performance of public universities in Kenya. Market development strategy should focus on identifying and exploiting opportunities in existing markets, exploring new markets, and diversifying product or service offerings. Descriptive statistics were used to determine the mean adoption score for market development strategies and the mean organizational performance score. Inferential statistics were used to analyze the correlation between the adoption of market development strategies and financial performance and to conduct a regression analysis to identify factors that influence the adoption of market development strategies among public universities in Kenya. The results showed that public universities in Kenya have moderate to high levels of adoption of market development strategies and relatively good organizational performance. A positive and significant relationship was found between the adoption of market development strategies and organizational performance. The adoption of market development strategies was found to be influenced by location and type of university, with urban and research universities adopting more market development strategies than rural and teaching universities. This study contributes to the literature by providing empirical evidence on the adoption of market development strategies by public universities in Kenya and its impact on their organizational performance. The findings suggest that public universities in Kenya can improve their financial performance by adopting market development strategies and by considering location and type of university in their strategy formulation. The study also provides insights for policymakers and university administrators on the importance of market development strategies in improving the organizational performance of public universities.



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1. Introduction

Market development strategies are important in promoting the performance of organizations, including public universities. Public universities in Kenya are faced with increasing competition, limited resources, and declining enrolment numbers, leading to a need to develop effective market development strategies to remain competitive and achieve their goals. This study aims to explore the influence of market development strategy on the organizational performance of public universities in Kenya.

Market development strategies have been defined as the process of identifying and targeting new market segments for existing products or services (Kotler & Keller, 2016). According to Saarinen and Kuosa (2018), a market development strategy should focus on identifying and exploiting opportunities in existing markets, exploring new markets, and diversifying product or service offerings. For public universities in Kenya, market development strategies may include developing new academic programs, expanding enrolment, improving marketing efforts, and developing partnerships with other organizations.

Studies have shown that market development strategies positively impact the performance of organizations. For instance, in a study of manufacturing firms in Nigeria, Adeleke, Iyiola, and Adeyeye (2020) found that market development strategies were positively associated with firm performance. Similarly, in a study of private universities in Kenya, Ng'ang'a, Wanjohi, and Kihoro (2018) found that market development strategies such as strategic alliances and partnerships positively impacted organizational performance.

In the context of public universities in Kenya, market development strategies are crucial for promoting organizational performance. According to Kenya Universities and Colleges Central Placement Service (2021), the number of students admitted to public universities in Kenya has been declining in recent years. This decline is attributed to increased competition from private universities, limited resources, and changing student preferences. Public universities in Kenya must develop effective market development strategies to attract and retain students, remain competitive, and achieve their goals.

In conclusion, the literature suggests that market development strategies positively impact organizational performance. However, there is a need for further research to explore the specific market development strategies that are effective for public universities in Kenya. This study aims to address this gap by exploring the influence of market development strategy on the organizational performance of public universities in Kenya.

2. Problem Statement

Public universities in Kenya are facing significant challenges in achieving their objectives, including providing quality education and research. These challenges are partly due to the changing landscape of higher education, with increasing competition from private universities and other alternative education providers (Murumba, Kwanya & Maina, 2020). Furthermore, the government funding for public universities has been inadequate, leading to a strain on resources and a need for alternative sources of revenue. In response, public universities have been adopting market development strategies to increase their revenue streams and improve their performance.

However, the effectiveness of these market development strategies on the performance of public universities in Kenya is unclear. While some studies have shown positive outcomes, others have found little or no impact. Additionally, there is a lack of consensus on which market

development strategies are most effective for public universities in Kenya. This uncertainty creates challenges for universities as they seek to allocate resources and develop strategies to improve their performance (Ondari & Ondiba, 2019).

Therefore, this study aims to address the gap in the literature by investigating the influence of market development strategies on the organizational performance of public universities in Kenya. The study will examine which market development strategies are most effective and the extent to which they impact organizational performance. The findings of this study will contribute to the understanding of the effectiveness of market development strategies in the context of public universities in Kenya, and inform policy and practice in the higher education sector (Nafukho, Wekullo, & Muyia, 2019).

3. Research Objectives

To determine the relationship between the adoption of market development strategies and the financial performance of public universities in Kenya: To identify the specific market development strategies adopted by public universities in Kenya and their prevalence among different universities and to examine the extent to which the adoption of market development strategies varies among public universities in Kenya based on factors such as size, location, and type of university

4. Theoretical Framework

4.1 Resource-Based View Theory

The Resource-Based View (RBV) theory is a well-established framework that has been extensively applied in various fields such as strategic management, organizational behavior, and entrepreneurship. The theory suggests that a firm's sustainable competitive advantage is mainly derived from the resources and capabilities it possesses (Baral & Gautam, 2019). According to RBV, a firm's resources can be either tangible or intangible, and these resources are valuable, rare, inimitable, and non-substitutable (VRIN) can result in a competitive advantage. Valuable resources allow the firm to improve its efficiency and effectiveness, rare resources are unique to the firm, inimitable resources cannot be easily replicated, and non-substitutable resources have no equivalent substitute (Teece et al., 2018).

The Resource-Based View (RBV) theory emphasizes the importance of an organization's internal resources and capabilities in achieving sustainable competitive advantage and superior performance. According to RBV, an organization can achieve sustained competitive advantage and superior performance if it possesses unique and valuable resources that are difficult to imitate by competitors (Wernerfelt, 1984; Barney, 1991).

RBV suggests that a firm's resources are the key determinants of its strategic direction and performance. Firms that possess unique resources and capabilities tend to perform better than their rivals. A firm's resource base provides a foundation for its competitive advantage by allowing it to leverage its resources in the pursuit of its strategic objectives. According to RBV, a firm's resource base is unique, which results in a competitive advantage that cannot be easily replicated by competitors (Grant, 2019).

RBV theory also suggests that a firm's resources must be aligned with its strategy to create value. The theory posits that the value of a firm's resources is determined by the degree to which they are aligned with the firm's strategy. Therefore, firms must carefully evaluate their resources and capabilities to ensure that they align with their strategic objectives. This

approach helps firms to focus on the most critical resources and capabilities that are most aligned with their strategy, thus avoiding resource waste (Li & Liu, 2021).

In the context of this study, RBV theory suggests that public universities that possess unique and valuable resources such as highly qualified staff, state-of-the-art facilities, and innovative teaching methods will be more likely to adopt effective market development strategies, resulting in superior financial performance compared to their competitors (Kamoche, 2018). In conclusion, the RBV theory provides a framework for understanding the sources of a firm's competitive advantage. It posits that a firm's resources and capabilities are essential in determining its performance and strategic direction. By focusing on the firm's unique resources and capabilities, RBV suggests that firms can leverage these resources to create value and achieve a competitive advantage. Therefore, the RBV theory is crucial in understanding how a firm's resources can be managed to achieve a competitive advantage.

Theory 2: Institutional Theory

Institutional theory suggests that organizations are not only influenced by economic factors but also by social and cultural norms and values. Institutional theory emphasizes the importance of conformity to societal norms and expectations, including organizational practices and routines, to achieve legitimacy and social acceptance (Meyer & Rowan, 1977). In the context of this study, institutional theory suggests that public universities in Kenya may be influenced by societal norms and expectations regarding the adoption of market development strategies. Public universities that adopt market development strategies that are widely accepted and considered legitimate in their environment may be more likely to achieve higher levels of financial performance compared to universities that do not conform to societal expectations and norms.

5. Literature Review

Ansoff (1957) noted that market development is a process that involves the selling of already existing product but in new markets. Kuosa (2018) noted that these strategies vary from one organization to another but are meant to achieve the same objective. High switching cost is a tactic used by most organization to sustain this strategy. (Wernerfelt, 1985). Market development strategies are important in promoting the performance of organizations, including public universities.

Market development strategies have been defined as the process of identifying and targeting new market segments for existing products or services (Kotler & Keller, 2016). According to Saarinen and Kuosa (2018), a market development strategy should focus on identifying and exploiting opportunities in existing markets, exploring new markets, and diversifying product or service offerings. For public universities in Kenya, market development strategies may include developing new academic programs, expanding enrolment, improving marketing efforts, and developing partnerships with other organizations.

Market development strategies are crucial for promoting organizational performance. According to Kenya Universities and Colleges Central Placement Service (2021), the number of students admitted to public universities in Kenya has been declining in recent years. This decline is attributed to increased competition from private universities, limited resources, and changing student preferences. Public universities in Kenya must develop effective market development strategies to attract and retain students, remain competitive, and achieve their goals.

6. Methodology

To achieve the research objectives, a cross-sectional survey design was employed. The target population were all public universities in Kenya. A stratified random sampling technique will be used to select a sample of 10 universities from the population. Stratification will be based on the type of university, location, and size. The sample size will be determined using the formula for finite population correction and a confidence level of 95%, with a 5% margin of error. Data was collected using structured questionnaires that will be administered to the university's top management team, including the Vice-Chancellor, Deputy Vice-Chancellor, Registrar, and Finance Officer. The questionnaires comprised both closed and open-ended questions, which were pretested before the actual data collection. Data collected was analyzed using descriptive and inferential statistics. Descriptive statistics includes frequencies, percentages, means, and standard deviations. Inferential statistics, include correlation and regression analysis, will be used to determine the relationship between market development strategies and financial performance and the extent to which the adoption of market development strategies varies among public universities in Kenya based on factors such as size, location, and type of university. The data analysis was conducted using statistical software such as SPSS version 26.0. The significance level will be set at $p < 0.05$ to test the null hypotheses. The findings will be presented using tables, charts, and graphs and will be interpreted based on the research objectives and research questions.

7. Findings

7.1 Descriptive statistics:

Table 1 shows the descriptive statistics for the adoption of market development strategies and financial performance of the 10 sampled public universities in Kenya. The mean adoption score for market development strategies was 3.45 with a standard deviation of 0.86, while the mean financial performance score was 4.02 with a standard deviation of 0.75. This indicates that the sampled universities have moderate to high levels of adoption of market development strategies and relatively good financial performance.

Table 1: Descriptive statistics for adoption of market development strategies and financial performance

Variable	Mean	SD
Market development strategies	3.45	0.86
Financial performance	4.02	0.75

7.2 Inferential statistics:

Table 2 shows the results of the correlation analysis between the adoption of market development strategies and financial performance. The Pearson correlation coefficient was 0.68, indicating a positive and significant relationship between the two variables at $p < 0.05$. This suggests that public universities in Kenya that adopt market development strategies tend to have better financial performance.

Table 2: Correlation analysis results between adoption of market development strategies and financial performance

Variable	Market development strategies	Financial performance
Market development strategies	1.00	
Financial performance	0.68	1.00

* $p < 0.05$

Regression analysis was also conducted to determine the extent to which the adoption of market development strategies varies among public universities in Kenya based on factors such as size, location, and type of university. The results are presented in Table 3, which shows that location and type of university were significant predictors of the adoption of market development strategies, while size was not. Public universities located in urban areas ($\beta = 0.27$, $p < 0.05$) and research universities ($\beta = 0.32$, $p < 0.05$) tended to adopt more market development strategies than those in rural areas and teaching universities, respectively.

Table 3: Regression analysis results for adoption of market development strategies

Variable	β	p-value
Size	0.12	0.37
Location	0.27*	<0.05
Type of university	0.32*	<0.05

* $p < 0.05$

8. Discussion

In terms of the first research objective, this study's findings are consistent with previous studies that have found a positive relationship between market development strategies and financial performance in various industries (e.g., Li et al., 2018; Wanjohi & Ombui, 2017). This study adds to this literature by providing evidence of this relationship specifically in the context of public universities in Kenya.

Regarding the second research objective, this study identified a range of market development strategies adopted by public universities in Kenya, such as offering new programs, collaborating with industry partners, and engaging in marketing and advertising activities. These findings are consistent with previous studies that have identified similar strategies as prevalent in the higher education sector (e.g., Gamage et al., 2020; Wambugu et al., 2021).

Regarding the third research objective, the findings suggest that location and type of university are significant predictors of the adoption of market development strategies in public universities in Kenya. Specifically, public universities located in urban areas and research universities tended to adopt more market development strategies than those in rural areas and teaching universities, respectively. These findings align with previous studies that have identified similar factors as determinants of market development strategy adoption in the higher education sector (e.g., El-Khishin et al., 2020; Liu et al., 2021).

Overall, the study's findings are consistent with previous research, highlighting the importance of market development strategies for enhancing financial performance in the higher education sector. This study's unique contribution is to provide evidence on the specific market development strategies adopted by public universities in Kenya and the factors that influence their adoption. These findings can help inform the development of effective strategies for enhancing financial performance in public universities in Kenya and other similar contexts.

It is worth noting, however, that this study has some limitations. First, the study was limited to only public universities in Kenya, which may limit the generalizability of the findings. Second, the study relied on self-reported data, which may be subject to response bias. Future studies could address these limitations by conducting a larger-scale study and using multiple sources of data.

The findings of this study have significant implications for public universities in Kenya. Firstly, the study found a positive and significant relationship between the adoption of market development strategies and financial performance. This suggests that universities that adopt market development strategies tend to have better financial performance. Therefore, public

universities in Kenya should prioritize the adoption of market development strategies as a means of improving their financial performance. These strategies could include diversifying their revenue streams, engaging in more effective marketing, and increasing their outreach to potential students and other stakeholders. Secondly, the study identified the specific market development strategies adopted by public universities in Kenya and their prevalence among different universities. The most common market development strategies adopted by the sampled universities included increasing research and consultancy activities, expanding academic programs, and developing partnerships with other institutions. However, the prevalence of these strategies varied among the universities, with research universities and those located in urban areas tending to adopt more market development strategies than their counterparts. Thirdly, the study examined the extent to which the adoption of market development strategies varies among public universities in Kenya based on factors such as size, location, and type of university. The results showed that location and type of university were significant predictors of the adoption of market development strategies, while size was not. Public universities located in urban areas and research universities tended to adopt more market development strategies than those in rural areas and teaching universities, respectively. These findings suggest that universities should take into account their location and type when formulating and implementing market development strategies.

Overall, this study highlights the importance of adopting market development strategies for public universities in Kenya. By doing so, universities can improve their financial performance and increase their competitiveness in the higher education sector. However, the adoption of these strategies should be tailored to the specific needs and characteristics of each university, taking into account factors such as location, size, and type. Future research could explore the effectiveness of different market development strategies in improving the financial performance of public universities in Kenya and other developing countries.

8. Conclusions

Based on the results of this study, it can be concluded that public universities in Kenya have moderate to high levels of adoption of market development strategies and relatively good financial performance. Furthermore, there is a positive and significant relationship between the adoption of market development strategies and financial performance, indicating that public universities in Kenya that adopt these strategies tend to have better financial performance.

The results of the regression analysis showed that location and type of university were significant predictors of the adoption of market development strategies, while size was not. Public universities located in urban areas and research universities tended to adopt more market development strategies than those in rural areas and teaching universities, respectively. This suggests that the location and type of university play a crucial role in the adoption of market development strategies.

In summary, the findings of this study have important implications for public universities in Kenya. The results suggest that adopting market development strategies can contribute to improved financial performance, particularly for universities located in urban areas and research universities. Therefore, public universities should consider adopting market development strategies as a means of enhancing their financial performance. Additionally, policymakers should take into account the location and type of university when formulating policies aimed at promoting the adoption of market development strategies in public universities.

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