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Effects of Cost Leadership strategies on the Performance Of Private Universities in Kenya: A Case of Gretsa University

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Abstract: Since the commencement of Kenya's Strategic Plan, Vision 2030, in 2008, the country has seen a significant expansion in the number of universities, particularly private universities as opposed to public universities. By 2023, there were 33 private universities, up from 12 in 2008. Over the same time period, the proportion of rise in student enrolment has not kept pace with growth, owing to the constraints imposed by University entry grades and credentials criteria. Globally, private higher education remains the fastest-growing sector of higher education. The result has been intense competition, threatening the viability and profitability of many private universities. The study sought to assess the impact of cost leadership strategic strategies on the performance of private universities and was a case study of Gretsa University, a private university in Kenya. The study's aims were to determine the impact of pricing strategy, operating strategy, and integration strategy on the performance of private institutions in Kenya. The Resource Based View Theory, the Dynamic Capabilities Theory, and Michael Porter's Industrial Forces model served as the study's framework. A descriptive research design was used with a quantitative methodology. Primary data was obtained based on a census of the whole population of 19 top managers who were designated as the ones in charge of strategy formulation and implementation. They comprised academic and non-academic department leaders, as well as the university's top executives. The data was collected using a self-administered semi-structured questionnaire. The data gathering items contained both closed-ended and open-ended inquiries. To address the research questions, the data was analysed using a quantitative data analysis methodology and tools, and the results were presented as descriptive and inferential statistics. The study discovered a correlation value (R=0.892), indicating a high relationship between the predictors (cost leadership strategy approaches - pricing, operational and vertical integration strategies) and the dependent variable (performance of private institutions in Kenya). The coefficient of determination (R^2=0.751) indicated that the model explained 75.1% of the variation or change seen in University Performance. This study recommended fully owning the supply chain to eliminate middlemen such as student enrolment agencies and bodies, maximizing technological adoption by fully digitizing all student life processes, and bundling short courses with main courses, all while maintaining quality services and avoiding cuts in critical areas such as innovation, research, and customer service. Additional research should look into additional factors that may influence the performance of private universities in Kenya.

Keywords: *Cost leadership strategy, pricing strategy, operation strategy, vertical integration strategy, performance.*

I. INTRODUCTION

Background of the study

All firms operate in environments that are unpredictable, dynamic and extremely competitive. Kaburu (2012) observes that consumers are continually exposed to marketing in the form of advertising, promotions, and brands, all of which attempt to influence their behavior. Organizations must deal with competition in practically every facet of their daily operations, as it exists in almost every business. Kotler (2014) defines competition as a rivalry that exists between all industry sellers as they compete to gain market share, profits, and sales by providing the highest possible value in terms of price, quality, and service.

Cost leadership is one of Porter's broad methods that a company can use to get a long-term competitive advantage over its industry rivals and so enhance profits (Muasa 2014). Each of the three types of generic strategies—cost leadership, differentiation, and focus—targets a certain market niche, whether broad or narrow (Porter, 1980). A cost leadership strategy, as defined by Dess, McNamara, Eisner, and Lee (2019), is a collection of actions a business takes to create goods or services that meet customer needs while charging a substantially lower price than rivals. Furthermore, Porter (1980) describes cost leadership as "strict cost and overhead management, vigorous pursuit of cost reductions from experience, aggressive construction of efficient-scale facilities, and avoidance ofmarginal costs."To use this strategy, a business must produce products of respectable quality for a lower or affordable price than other businesses making a comparable product. Kennedy (2020) emphasizes three key tactics while talking about how to attain cost leadership. The first is high asset utilization, reduction of both direct and indirect operational costs and controlling the value chain. Kamau (2013) notes that the foundation of cost leadership is having lower total expenses than rivals.

Richard (2013) defines organizational performance as three main aspects of a firm's outcomes: financial success, product market performance, and shareholder return.In the context of universities, various criteria are employed to evaluate institutional achievement. Institutions of higher learning have needed to supplement its income through a variety of schemes, such as parallel degrees or self-sponsored degree programs, while the private colleges are wholly for-profit organizations (Agumbi, 2013). To increase their income revenue sources, institutions in this situation must work to attract and keep undergraduate students. Measurements of university performance include, among other things, student retention rates, university rankings, the level of employee motivation, and the standard of instruction according to Manyeki, Ongeti and Odiyo (2019).

Globally,more than 30% of students worldwide attend private higher education institutions (Altbach et al., 2009).Zumeta (2011) discusses the private higher education in the US as a well-established sector with a rich history that attracts attention from around the world. Among the top private universities in the world are Harvard, Stanford, Yale, and the Massachusetts Institute of Technology (Qureshi & Khawaja, 2021). The vast majority of UK universities are consistently rated highly in international rankings and are thought to be of the highest calibre
Private higher education institutions vary widely in their types and are categorized into State Supported private as witnessed in India,Not for profit private institutions such as Harvard, MIT, Princeton, Stanford and For profit private Institutions such as Strayer University, University of Phoenix, and DeVry Institute of Technology. Regionally, religious institutions mostly of Christian or Islamic heritage that took on the role of education providers long before contemporary secular education was implemented are the oldest private higher education institutions on the continent. Higher education institutions in Africa were first established by Kenya, and other countries such as Benin, Senegal, Tanzania, Uganda, Ghana, Mozambique, and Cameroon quickly followed (Varghese 2004).

The significance of the educational sector to Kenya and the economy cannot be overstated, given that the advancement of Education and Training is part of the road map towards the accomplishment of the social transformation hinged on the social pillar of Kenya Vision 2030 (Kamau 2013).Odhiambo (2014) noted that the key to achieving vision 2030 is deeply rooted in education and improving the education sector would push us a mile towards attain vision 2030. The Social Pillar in Kenya Vision 2030 aimed at creating a comprehensive, equitable and just society based on democratic ideals. Under this pillar, education and training was expected to be the principal catalyst towards realization of Vision 2030. In order to achieve the goals envisaged in Vision 2030, the sector would establish the Kenya Universities and Colleges Admission Service (KUCCPS), encourage private universities to expand degree programs offered and strengthen and expand e-learning degree programs in all public universities (Odhiambo 2014).

Public universities in Nairobi have encountered numerous difficulties during the past few years(Kamau 2013) such asenrolment growth that exceeds their capacity to budget for and plan for it, unforeseen financial difficultiesand poor management practices. As a result, private colleges are becoming more prevalent in the nation as an alternative for higher education delivery in order to address some of the aforementioned challenges (Muigai 2017). Olelo(2014) notes that due to technical advancements in internet connectivity and communication, the world has gotten smaller and smaller. As a result, degrees from internationally recognized colleges can now be obtained through online learning. As a result, Kenyan universities must keep a competitive edge over other local players and deal with the internet presence of prestigious international universities and colleges right in their own backyard.Private universities in Kenya, like others across the world, are important social institutions that must be reorganized to compete with the most prestigious public and international universities (Omondi, 2022).

Gretsa University is a private Chartered University in Kenya, located in Kiambu County. The University's goal is to be a unique institution that provides exceptional education to individuals and society, while its mission statement is to build a holistic and capable individual via high standards of teaching, learning, research, and service. Its core values include honesty, accountability, empathy, transparency, and fairness. Gretsa University, which acquired its Letter of Interim Authority in 2006, was chosen for this study to represent small-sized private universities in terms of student enrolment where small sized universities account for more than 70% of Kenyan universities. Furthermore, the University provides its programs at some of the most affordable pricing in the country among private universities. As a result, it might be considered to be implementing cost leadership strategy approaches by reducing expenses in order to offer products and services at market-friendly pricing.

Statement of the Problem

Competition has intensified in the institutions of higher learning following an explosive growth in the number of Universities and other centers of tertiary education in Kenya. Kenya's private university population has increased from 12 in 2008 to 33 by 2023 (CUE). Due to this both private and public universities are experiencing extreme competition necessitating need for competitive strategies to remain in the market, especially for the private colleges which are wholly for-profit organizations (Agumbi,2013). Some universities in Kenya still have comparatively few students enrolled (Marima,2015) and there is fierce competition for students, necessitating the development of competitive techniques to entice students when they have too many possibilities (Agumbi, 2013). Private universities such as Gretsa University make investments in developing and putting into practice effective competitive tactics to surpass competitors. Notable is that Gretsa continues to attract students and run unabated since its Letter of Interim Authority in 2006.

Numerous studies have explored competitive strategies in Kenya's higher education market. Maina (2018), Kingóo (2014), and Kamau (2013) investigated educational marketing methods and competitive strategies in Kenya, but did not consider how this affected their performance. Sifuna (2014) recommended a focus on cost leadership as a competitive strategy and consideration of private universities as well, which is the focus of this study. A study on the impact of competitive strategies on Strathmore University's performance was undertaken by Muigai (2017) and identified a need for additional research recommending the study be broadened to include other private universities. By determining the impact of cost leadership strategic practices (pricing strategy, operational strategy, and vertical integration) on the performance of Private Universities in Kenya, this research aimed to close these identified gaps.

Objective of the Study

To investigate the effect of cost leadership strategic practices on the performance of private universities in Kenya.

Specific Objective

i. To establish the effect of pricing strategy on the performance of private universities in Kenya

Research Question

i. How does the pricing strategy affect the performance of private universities in Kenya?

II. LITERATURE REVIEW

Theoretical Literature Review

Porter’s Five Forces Model

Porter (1980) originally formulated the five forces model as a practical theory for assessing a firm's industry structure in strategic operations. The threat of new entrants, the threat of alternative products, the strength of buyers, the power of supply, and the intensity of rivalry between industry competitors are the five competitive forces that Porter's five forces framework helps identify. The framework analyses of the dangers and opportunities a company faces in an industry and that influence organizational strategy. An effective organizational strategy seeks to alter these dynamics in a way that improves the firm's ability to compete. (Chesbrough & Appleyard, 2007).

According to Grundy (2006), a study of the five elements is necessary to comprehend the strength of a firm's current competitive position and the position the firm hopes to achieve. The five forces framework offers information on viability and desirability of an industry. As a result, it affects decisions about whether to enter or exit a certain industry or market segment. The five drivers would decide how aggressively a corporation invests in activities like research and development, sales, and marketing purposes, which are key players in the cost leadership approach, as they inform organizations on the nature of the market.

A study of the five factors can help a company decide where to focus its efforts while still producing goods and services that appeal to their target market and are within their means. These five factors directly inform the study variable of pricing where the price of substitute products inform the competitor-based pricing model, extent on rivalry in the market could inform psychological pricing, the power of buyers in the market could inform not only the value-based pricing strategy but also the bundling/unbundling pricing strategy. This theory informed the pricing strategies as a variable of this study.

Empirical Review of Literature

Pricing Strategies and Performance

This study looked at competitive pricing, value pricing, and product bundling/unbundling. According to Grundy (2006), value-based pricing is a technique in which prices for an offering are determined by the perceived value of a good or service to customers. The value that a product or service gives to a client may affect price disparities between customers, and Doan and Simon (1996) believe that value-based pricing is one of the most profitable types of pricing. Dolgui (2010) discusses price bundling, also known as product bundling, is a pricing strategy in which two or more related products are offered at a discounted price when purchased as a package rather than separately. Customers are encouraged to purchase the bundle because it's a better value than purchasing each item separately due to the discounted pricing. Unbundling is the reverse, where customers are allowed to purchase individual aspects of a product/service. Competitor-based pricing, also known as cost plus pricing, is a pricing approach in which your competitors' prices significantly influence your own (Kotler 2006). This method focuses more on the market than on your spending. These tactics have a direct impact on the educational sector, given the quantity of options available to consumers and the industry's comparable service offers. Several researches have been conducted in the field of pricing strategies, as discussed below.

Nene, Paul, and Mary (2018) conducted research on the impact of cost-leadership planning strategies on the competitiveness of private universities in Nairobi County, Kenya. According to the survey, many private institutions have not completely implemented cost-leadership planning measures to increase competitiveness. This study suggested that private institutions create and offer academic programs that are affordable to students of all socioeconomic backgrounds. Wawaka and Muchelule (2018) investigated the impact of pricing strategies on the competitiveness of Kenyan cement manufacturing enterprises. The findings revealed that both value-based pricing and competition-based pricing strategies had a significant and positive impact on the competitive advantage of the selected Kenyan manufacturing businesses. The study benefited Kenyan cement producers by describing the optimum pricing approach for gaining competitive advantage, as well as the challenges encountered and how those methods affected the organization's performance.

In 2019, Ikatwa and Okello investigated the Effect of Cost Leadership Policy on Institutional Performance of Public Universities, and discovered that the low cost of tuition can be attributed to strategic pricing that encourages enrolment and generates a high level of demand, resulting in lower margins per student that are offset by high enrolment. Strategic pricing is competitive because it allows for profit while moving backward to achieve the cost aim. The university must then work to provide its services at the goal cost without reducing their usefulness or raising their price, which might be done by digitizing some of the operations and eliminating others that provide little value. Odhiambo (2012) conducted research on the factors that influence pricing tactics used by large alcoholic beverage makers. He discovered that most organizations do not handle pricing adequately when developing strategies; they just assess their costs and use their industry's conventional margins. He suggested that these businesses adopt more modern pricing strategies, in which prices are determined by a variety of factors, including cost-plus pricing, product line pricing, optional feature pricing, psychological pricing, lower price supplier, and premium pricing strategies.

However, Kyungu (2018), who investigated the impact of competitive strategies on the performance of Kenyan public universities, found that the cost leadership strategy has downsides. It does not promote consumer loyalty, and if a public university decreases fees too significantly, it may lose revenue. Additionally, according to (Nyaga 2017), cost leadership is frequently the best option if clients are unable to recognize or appreciate variations in the courses offered by several colleges.

III. Conceptual Framework

A conceptual framework is a model of presentation that shows the relationship between the dependent variable and the independent variable graphically, or diagrammatically(Orodho, 2004). In this study, the dependent variable is the performance of private universities in Kenya, while the independent variables are various cost leadership techniques. The conceptual framework has been constructed to demonstrate the relationship between the dependent and independent variables as in figure 2.1 below:

Independent Variable **Dependent Variable**

Pricing Strategies
- Value Based Pricing
- Competitor Based Pricing
- Unbundling

→

Performance of Private Universities in Kenya
- Student Retention and Customer Satisfaction
- Revenue generation

Source: Researcher 2023

IV. RESEARCH METHODOLOGY

The research was conducted using a case study approach. According to Kothari (2004), the case study approach entails a meticulous and thorough examination of social units, allowing the study to retain the holistic and relevant qualities of real-life events.The target population of this study was private universities in Kenya, and being a case study, it focused on employees of Gretsa University which included 19members of the University Senate who are business level and corporate level managers in marketing, finance, human resource, academics and administration. They are responsible for the establishment and regulation of academic policy, standards and procedures and discuss any matter relating to the University, and make representations thereon to the Council.
The study collected data for analysis from both primary and secondary sources. To elicit extensive and comprehensive responses from respondents, the questionnaire included open-ended questions with options for further investigation. Primary data was acquired using a structured questionnaire and a Likert-type scale. The questionnaire included a 5-point Likert-type scale to evaluate how well each question or statement (item) was operationalized to reflect the required variables and allow respondents to contribute quantifiable data. The questionnaires were distributed in person to provide an opportunity for probing.

Reliability of the questionnaire was analyzed using Cronbach's alpha. The reliability test findings indicate that the variables had acceptable levels of reliability which also means internal consistency-(0.806).The acquired data was subjected to descriptive statistics and inferential statistics to meaningfully understand the research findings and form the required conclusions and suggestions. Descriptive statistics was preferred because of its capacity to emphasize potential correlations between variables and present the data in a more comprehensible manner, allowing for easier data interpretation. SPSS was used to examine the replies on the five-point Likert scale.

V. RESEARCH FINDINGS AND DISCUSSION

Questionnaire response rate is as outlined in figure below:

Table 4.1: Response Rate for the Administered Questionnaires

	Frequency	Percentages
Responded	18	94.7%
Not responded	1	5.3%
Total	**19**	**100%**

Descriptive Statistics of the Pricing Strategy

Respondents were asked to indicate the extent to which they agreed with the following statements relating to pricing strategies in relation with the performance of the University. The results are presented in Table 4.3. below.

Table 4.3: Descriptive statistics of pricing strategy

	Strongly Disagree %	Disagree %	Neutral %	Agree %	Strongly Agree %	Mean	Std. Dev
The university ensures that the prices of their programs are competitive compared to that of competitors	0.0	0.0	22.2	61.1	16.7	3.94	.639
The University allows students to be charged per unit (unit-based) as opposed to semester based	5.6	11.1	16.7	44.4	22.2	3.67	1.138
The University charges different amounts of fees for different modes of study for the same program (full time vs e-learning)	0.0	11.1	22.2	33.3	33.3	3.89	1.023
School fees charged increases with the elevation of the level of study (certificate level being the lowest priced and degree programs the highest charged)	0.0	5.6	5.6	50.0	38.9	4.22	.808

The table presented results regarding the university's pricing strategies. The findings of the study revealed that most respondents, 61.1%, agreed that the university ensures that the prices of their programs are competitive compared to those of competitors (M=3.94, SD=0.639). In addition, the respondents also agreed that the university has a flexible charging mechanism where they charge students per unit rather than on a semester basis (M=3.67, SD=1.138) with 44.4% of respondents agreeing, and 22.2% strongly agreeing. However, there was some dissent, with 5.6% strongly disagreeing and 11.1% disagreeing. When asked about charging different amounts of fees for different modes of study (full-time vs. e-learning), 66.6% of respondents strongly agreed and agreed. Finally, regarding the statement that school fees increase with the level of study (with certificate programs being the least expensive and degree programs the most expensive), 88.9% of the respondents agreed (M=4.22, SD=0.808).

The findings showed that the university's pricing policies were competitive and well-structured to accommodate varied study styles and levels of education. However, there is significant disagreement, notably about unit-based billing, which could benefit from further investigation or clarity.

To ensure that the prices were competitive, the respondents gave their suggestions which included both external benchmarking and internal analysis which were necessary to align the university’s pricing with market standards and ensure affordability. Some respondents indicated that they base pricing on competition or conduct a comparative analysis to confirm the charges by other institutions. Additionally, conducting market surveys and maintaining a flexible fees payment policy were also cited as methods to ensure competitive pricing.

They were then asked to state how the pricing strategies affected the university performance. The respondents noted that charged fees significantly influence potential students' decisions, with high fees potentially reducing numbers of applicants and low fees attracting more. Similarly, they observed that an increase in applications as a result of pricing strategies. Also, pricing was linked to issues related to breakeven points (BEP) and population growth and development. Other impacts included maintaining the institution's financial stability and attracting more students, though sometimes this leads to enrolling students who may prioritize cost over value.

Descriptive Analysis of University Performance

This section presented the findings of descriptive statistics of University Performance. The university performance was indicated by financial performance as well as customer satisfaction. The results are presented in Table 4.6. below

Table 4.6: Descriptive statistics on Performance

	Strongly Disagree %	Disagree %	Neutral %	Agree %	Strongly Agree %	Mean	Std.Dev

Financial Performance							
Annual Profit: The University has been recording consistently improving financial position in profitability.	0.0	5.6	77.8	11.1	5.6	3.17	.618
Return on Equity: Investors have received good return for their financial investment over the years	0.0	0.0	72.2	22.2	5.6	3.33	.594
Return on Assets: The University has efficiently utilized its assets over the years	0.0	0.0	72.2	27.8 0.0		3.28	.461
Customer Satisfaction							
Referral of students by existing students continues to be a major source of student enrolment numbers	0.0	0.0	5.6	66.7	27.8	4.22	.548
A large percentage of self-sponsored degree students are progression students from certificate and diploma programs	0.0	5.6	16.7	38.9	38.9	4.11	.900
The university's student enrolment and population has gradually increased over the past five years.	5.6	5.6	22.2	50.0	16.7	3.67	1.029
The University's ranking has improved over the past five years.	0.0	11.1	16.7	50.0	22.2	3.83	.924

The findings on the university's performance revealed a mix of feelings. First, with regard to, the respondents were uncertain about the university's profitability with 77.8% remaining neutral on whether the university had been recording consistently improving financial positions. However, 11.1% agreed, and 5.6% strongly agreed, resulting in a mean score of 3.17 with a standard deviation of 0.618. Similarly, for return on equity, 72.2% of respondents were neutral, while 22.2% agreed and 5.6% strongly agreed, leading to a mean score of 3.33 and a standard deviation of 0.594. The efficiency of asset utilization over the years also saw 72.2% of respondents neutral and 27.8% agreeing, with a mean score of 3.28 and a standard deviation of 0.461.

Customer satisfaction appears to be improving. A significant 66.7% agreed, with 27.8% strongly agreeing that referrals from existing students remain an important source of enrolment, resulting in a high mean score of 4.22 and a standard deviation of 0.548. Furthermore, 38.9% agreed or strongly agreed that a substantial percentage of self-sponsored degree students move from certificate and diploma programs, with a mean score of 4.11 and a standard deviation of 0.900. The university's student enrolment and population growth over the past five years saw more varied responses, with 50% agreeing and 16.7% strongly agreeing, leading to a mean score of 3.67 and a standard deviation of 1.029. Finally, the university's ranking progress over the last five years was rated positively, with 50% agreeing and 22.2% strongly agreeing, resulting in a mean score of 3.83 and a standard deviation of 0.924.

Regarding customer satisfaction in general, the respondents stated that the cost leadership strategy had a positive impact. The affordability of education attracted and retained students, resulting in better customer satisfaction. Efficient administrative and operational processes reduced student pain points, and lower fees ensured that students could pay on time and enjoy uninterrupted learning. This contributed to improved customer satisfaction as well as increased referrals.

Correlation Analysis

The study used a Pearson correlation analysis to determine a linear relationship between cost leadership strategy approach (pricing strategy) and private university performance in Kenya. The test was useful in evaluating whether there was a relationship between each independent variable and the dependent variable, the strength of the correlation, and the direction of the relationship, whether positive or negative. Table 4.9 shows the results:

Table 4.9: Pearson's correlation analysis

		Performance	Pricing Strategy
Performance	Correlation coefficient (*r*)	1	
	p-value (2-tailed)		
	N	18	
Pricing Strategy	Correlation coefficient (*r*)	.715**	1
	p-value (2-tailed)	.001	
	N	18	18

*** or * indicates that the coefficient is significant at the 0.05 level (2-tailed) (p<0.05).*

From the results, Pricing strategy had a strong positive and significant relationship with the university performance, r=0.715, p=0.001.The strong and positive correlation between the pricing strategy with performance indicates that as the strategies improves, performance tends to improve as well.

Regression Analysis

A multiple linear regression was run, with pricing techniques as independent variable and University Performance as the dependent variable. The findings were reported in three tables: the model summary, the ANOVA, and the model coefficients tables.

The correlation value (R=0.892) in the model summary indicated a strong relationship between the predictorsand the dependent variable (private university performance in Kenya). The coefficient of determination (R^2=0.751) indicated that the model explained 75.1% of the variation or change seen in University Performance.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.892[a]	.795	.751	.23501

a. Predictors: (Constant), Vertical Integration Strategy, Operational Strategy, Pricing Strategy

Table 4.12 was an ANOVA table which showed the model significance.

Table 4.11 ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.998	3	.999	18.095	.000[b]
	Residual	.773	14	.055		
	Total	3.771	17			

a. Dependent Variable: Performance

b. Predictors: (Constant), Vertical Integration Strategy, Operational Strategy, Pricing Strategy

The ANOVA results in Table 4.11 shows significance of the combined model in predicting the university performance using cost leadership strategic practices (pricing, operational and vertical integration strategies). The results show that the model was significant in predicting University Performance as the p-value associated with the F-value was statistically significant ($p<0.05$) at 5% level of significance, F=18.095, p<0.001.

Table 4.12 shows the findings of the model coefficients.

Table 4.12: Model Coefficients of Pricing, operational and vertical integration strategies

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.075	.493		.153	.881
	Pricing Strategy	.388	.134	.416	2.883	.012
	Operational Strategy	.259	.074	.435	3.493	.004
	Vertical Integration Strategy	.282	.104	.382	2.702	.017

a. Dependent Variable: Performance

From Table 4.12, the regression model was as follows:

$Y = 0.075 + 0.388X_1 + 0.259X_2 + 0.282X_3$

Where:

Y =University Performance

X_1 = Pricing Strategy

X_2 = Operational Strategy

X_3 = Vertical Integration Strategy

The model revealed a substantial positive correlation (β = 0.388, t = 2.883, p = 0.012) between pricing strategy and university performance in Kenyan private universities. This indicates that pricing methods had a significant impact on the university's performance. Furthermore, the findings show that each unit increase in the price approach improves or enhances university performance by 0.388 units.

VI. Discussion of the Study Findings

Effects of pricing strategy on the performance of private universities in Kenya

The study discovered a positive relationship between pricing strategy and private university performance, indicating that employing a price strategy improves private university performance in Kenya. According to the data, pricing strategy had a substantial positive and significant link with university achievement (r=0.715, p=0.001). The connection was significant since the p-value of 0.001 was less than the 0.05 significance limit.

The strong and positive correlation between the pricing strategyand performance indicates that as the strategy improves, performance tends to improve as well suggesting a meaningful relationship between the the performance of private university in Kenya.

This is in line with Ikatwa and Okello (2019)who investigated the Effect of Cost Leadership policy on institutional performance of public universities and found that the affordable cost of tuition was attributed to strategic pricing that encouraged enrollment and generated a high level of demand, resulting in lower margins per student that were offset by high enrollment levels and indicated a positive correlation between pricing strategy and organizational performance.

VII. SUMMARY OF FINDINGS

The study's major purpose was to determine how cost leadership techniques influenced the performance of Kenya's private universities. The study looked primarily at pricing strategy, operational strategy, and vertical integration strategy as performance drivers in Kenyan private universities. In this study, consumer satisfaction and financial performance were utilized to assess performance.

The study was based on Michael Porter's five forces model, which was reinforced by the Resource-Based View Theory and the Dynamic Capability Theory. This study used Gretsa University's case study descriptive research design. The study targeted 19 senate members at Gretsa University. Both descriptive and inferential statistics were utilized for in-depth analysis of data. P-values at the 0.05 significance level were used to determine the study's significance, while the coefficient of determination (R^2) was used to assess how robust the model was in predicting performance. The research yielded a 94.7% response rate.

The study's first objective was to establish how pricing strategy affected Kenya's private universities' performance. Value-based pricing, competitor-based pricing, and product offering bundling/unbundling were used in this study to operationalize pricing strategy. The descriptive findings demonstrated the widespread implementation of pricing schemes. The study found a positive correlation between pricing strategy and private university performance, suggesting that implementing a pricing strategy enhances private university performance in Kenya.

VIII. Conclusions of the Study

The conclusions in this part are based on the study goals and drawn from the summary. The first objective of the study was to determine how pricing strategy affected the performance of private universities in Kenya. It was discovered that competitor-based pricing and value-based pricing were well understood and adopted, and while bundling and unbundling were not fully explored, the conclusion was reached that pricing strategies have a significant positive effect on the performance of private universities in Kenya.

Recommendations

The study's conclusions served as the basis for recommendations. On the study's first objective, where it was found that pricing strategies have a significant positive effect on the performance of private universities in Kenya, the study recommended the adoption of more pricing strategies by private universities in Kenya to attract and retain students, such as the bundling of slow-moving programs, such as short courses and professional courses, with main courses, such as degree programs in order to increase enrolment in slow-moving programs.

Suggestions for Further Studies

The goal of this research was to find out how cost leadership strategic tactics affected the performance of private institutions in Kenya. Because this study only looked at private universities in Kenya, the findings cannot be generalized to public universities. Thus, the report advises additional research into how cost leadership strategic methods affect the functioning of Kenya's public institutions.

Furthermore, the study discovered that the independent factors (pricing strategy, operational strategy, and vertical integration strategy) could account for just 75.1% of Kenya's private university performance. Thus, more research is needed to understand the additional elements that influence the performance of Kenya's private universities.

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