CREATING SUSTAINABLE COMPETITIVE ADVANTAGE IN INSTITUTIONS OF HIGHER LEARNING: A CASE OF UNITED STATES INTERNATIONAL UNIVERSITY

BY

RAHAB RWINU NGUGI

UNITED STATES INTERNATIONAL UNIVERSITY

SPRING 2014
CREATING SUSTAINABLE COMPETITIVE ADVANTAGE IN INSTITUTIONS OF HIGHER LEARNING: A CASE OF UNITED STATES INTERNATIONAL UNIVERSITY

BY

RAHAB RWINU NGUGI

A Project Proposal Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters of Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY

SPRING 2014
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit

Signed: ___________________________ Date: ___________________________

Rahab Ngugi (ID 637555)

This project report has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Dr. George Achoki

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business

Signed: ___________________________ Date: ___________________________

Deputy Vice Chancellor, Academic Affairs
COPYRIGHT

All rights reserved; no part of this work may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the express written authorization from the writer.

Rahab Ngugi © 2014
ABSTRACT

The purpose of the study was to investigate how USIU can create and sustain a competitive advantage. The study was guided by three research questions: How can USIU differentiate its services to enable it create sustainable competitive advantage? How can cost leadership be used to create sustainable competitive advantage at USIU? How can USIU leverage on its human resources to create sustainable competitive advantage?

The total population for this study comprised of both undergraduate and postgraduate USIU students. The population comprised of only those students who were registered and in session as per the registrar’s records, at the time that the study was carried out. The study adopted a descriptive research design. This design was appropriate for this study because it necessitated collection, organization and summarizing data from a sample for conclusions. The data analysis involved measures of central tendency and frequencies. The data was presented by bar graphs, pie charts and frequency tables.

The study revealed that USIU has standardized and simple service delivery procedures that contribute towards ensuring that the institution provides services within the expected time frame. The institution has also scheduled the opening hours of administrative offices to ensure that they are convenient for the diverse population of students that includes both part-time and full-time students. The institution values feedback from students to improve service performance and implements the suggestions leading to better service delivery. There is also an efficient and effective e-learning platform that ensures that students can access information from anywhere in the world. The staff members also have good knowledge of the systems and procedures and are willing to assist the students with all their queries.

With regard to cost leadership, majority of the students agree that the fees charged at the institution are reasonable. Due to the large number of students, the resulting economies of scale also make other rates for instance the school bus services affordable. USIU has focused on ensuring that it has a culture of efficiency and quality and consequently lower costs of doing things by embracing information technology. In addition by ensuring that available
resources are used to their full capacity, the institution is able to keep costs at a minimum and transfer the same benefits to students.

The study also revealed that the academic staff members at USIU show a sincere interest in solving student problems. They are positive minded and enthusiastic about their job which leads them to avail themselves for further consultation and assistance even outside the confines of the classroom. USIU regularly organizes workshops and trainings for her staff to ensure that they keep up to date with developments in their various fields and also to give them a chance to interact, share and learn from each other. This contributes towards the development of a strong team spirit among the staff members. In addition, USIU has a strong mentorship program that gives the opportunity for staff and students alike to help others grow as they themselves learn from those who are more experienced.

In conclusion the study clearly shows that USIU has been able to create sustainable competitive advantage by differentiating its services. Offering quality and superior services has enabled the institution to distinguish itself from the rest and create a distinct advantage. A focus on cost leadership also endears the institution to many students who are interested in getting value for their money and also enables the institution to keep operating costs at a minimum. In addition, the institution invests heavily in its human resources ensuring that they are motivated and kept up to date with recent developments. As a result the staff members are enthusiastic and are ready to go the extra mile to see to the success of the institution. This provides a distinct source of competitive advantage that sets the university apart from the rest.

The study therefore recommends that Kenyan Universities should consider adopting differentiation and low cost strategies to contribute towards a sustainable competitive advantage. Investing in human resources should also be given the weight it deserves as it is clearly an avenue for creating sustainable competitive advantage. The study also proposes that further research should be done to identify other factors that can contribute to sustainable competitive advantage in Kenyan Universities.
ACKNOWLEDGEMENT

I would like to express my great appreciation to Dr. Achoki for his invaluable and constructive suggestions during the planning and development of this research work. His willingness to give his time so generously has been sincerely appreciated. I would also like to recognize the students of USIU who accepted to participate in this survey.
DEDICATION

I would like to dedicate this research to my family and friends who supported me throughout the process.
TABLE OF CONTENTS

STUDENT’S DECLARATION ........................................................................................................ ii
COPYRIGHT ............................................................................................................................ iii
ABSTRACT .............................................................................................................................. iv
ACKNOWLEDGEMENT ........................................................................................................... vi
DEDICATION .......................................................................................................................... vii
TABLE OF CONTENTS ........................................................................................................... viii
LIST OF ABBREVIATIONS ................................................................................................... x
LIST OF TABLES .................................................................................................................. xi
LIST OF FIGURES ................................................................................................................ xii

CHAPTER ONE ...................................................................................................................... 1
1.0 INTRODUCTION .............................................................................................................. 1
1.1 Background of the Problem ............................................................................................. 1
1.2 Statement of the Problem ............................................................................................... 5
1.3 Purpose of the Study ....................................................................................................... 5
1.4 Research Questions ......................................................................................................... 6
1.5 Justification of the Study ............................................................................................... 6
1.6 Scope of the Study ......................................................................................................... 7
1.7 Definition of Terms ....................................................................................................... 7
1.8 Chapter Summary .......................................................................................................... 8

CHAPTER TWO ................................................................................................................... 9
2.0 LITERATURE REVIEW ................................................................................................... 9
2.1 Introduction ................................................................................................................... 9
2.2 Differentiation and Sustainable Competitive Advantage ........................................... 9
2.3 Cost Leadership and Sustainable Competitive Advantage ........................................ 13
2.4 Human Resources and Sustainable Competitive Advantage ....................................... 17
2.5 Chapter Summary ......................................................................................................... 20
**LIST OF ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBV</td>
<td>Resource Based View</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USIU</td>
<td>United States International University</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>KMS</td>
<td>Knowledge Management System</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 3.1 Population Distribution .................................................................................. 23
Table 3.2: Sample Size .................................................................................................. 25
Table 4.1: Gender of the Respondents ......................................................................... 29
Table 4.2: Level of Education ....................................................................................... 29
Table 4.3: Age of the Respondents ................................................................................ 30
Table 4.4: Level of Study ............................................................................................... 30
Table 4.5: Regression Results ....................................................................................... 35
Table 4.6: Cost Leadership and Sustainable Competitive Advantage ......................... 36
Table 4.7: Regression Results ....................................................................................... 37
LIST OF FIGURES

Figure 4.1: Standardized and Simple Service Delivery Procedures ........................................ 31
Figure 4.2: Provision of Services within Reasonable Time......................................................... 31
Figure 4.3: Operating Hours for Administrative Offices............................................................. 32
Figure 4.4: The Institution Values Feedback from Students ......................................................... 32
Figure 4.5: Efficient and Effective E-Learning Platform ............................................................... 33
Figure 4.6: Administrative Staff Have Good Knowledge of the Procedures .................................. 33
Figure 4.7: Administrative Staff Communicate well with Students .......................................... 34
Figure 4.8: Administrative Staff Show Positive Work Attitude towards Students ..................... 34
Figure 4.9: Academic Staff Show Sincere Interest in Solving Student Problems ...................... 38
Figure 4.10: Academic Staff Allocate Sufficient and Convenient Time For Consultation .... 38
Figure 4.11: Academic Staff are Enthusiastic ............................................................................... 39
Figure 4.12: Workshops for Training ......................................................................................... 39
Figure 4.13: Team Spirit ............................................................................................................. 40
Figure 4.14: Human Resource Factors ....................................................................................... 41
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem
The modern thinking on business strategy evolved into a solid form in the 1960s in USA. Early writers on the subject included Peter Drucker, Alfred Chandler, Igor Ansoff and Kenneth Andrews. These and many more writers have tried to define strategy with different reference points. Mintzberg, Ahlstrand and Lampel (2009) see strategy as a plan, pattern, position, ploy or perspective. They posit that strategy is a plan to get one from one point to another; it is one’s course of action to guide into the unknown future. Thus strategy is what one has been doing consistently over a period of time, the pattern that can be seen when actions are reviewed over time.

To other scholars strategy is one’s place in the market, i.e. the place that a company’s products occupy with reference to other products. Strategy may also be viewed as the tactics that can be employed to outdo competitors and clinch the coveted top spot. While there is no simple single definition of strategy the common thread that runs through all the definitions is that strategy sets direction for and defines the company (Mintzberg et al, 2009).

Strategic management is thus the process of implementing the strategy decided on in order to achieve a company’s objectives. This will involve planning, directing, organizing and controlling of a company’s strategies to achieve the company’s objectives (Pearce & Robinson, 2007). The strategy that a company will choose dictates to a large extent whether that company will be successful or not. Successful business strategies are those that use the capabilities and resources of the firm to address customer needs and wants in a way that leads to sustainable competitive advantage (Macmillan & Tampoe, 2000).

In an attempt to answer the perennial strategy question on why some firms perform better than others, Ritala and Ellonen (2010) hold that the cause is related to the existence of sustained superior performance, existence of specifiable causes and these causes are tied to the concept of competitive advantage. Hence for firms to have any chance of thriving in
today’s turbulent and increasingly-competitive world, businesses need competitive advantage and how they get it is a crucial component of managements’ approach.

Ritala and Ellonen (2010) thus define competitive advantage as the ability of a firm to outperform its industry that is to earn a higher rate of profit than the industry norm. It is having some sort of ‘‘value added’’ strategy to give you an advantage over the competition.

Current superior performance alone should not be used to distort the true source of competitive advantage. Indeed Sigalas and Economou (2013) posit that it is quite common in literature to define and operationalize competitive advantage strictly in terms of superior performance, although most of them acknowledge that these terms are conceptually distinct. However, the interchangeable use of the concepts of competitive advantage and superior performance makes the conceptual framework with leading hypotheses and sequential propositions of sources of competitive advantage leading to superior performance of little value because they are identical in definition. This is the ‘‘interchangeability problem of competitive advantage propositions.

It should be noted that while some firms tend to see competitive advantage as the enabler of superior profitability, of which is true, this statement says more about why competitive advantage is important than about what it is, (Christensen, 2010). While some organizations have clearly identifiable competitive advantages and robust profits, other organizations may choose to forego profits in the near term in order to build a stronger competitive position for the future, as the Japanese auto companies did in the US market during the last third of the 20th century. According to Christensen (2010), taking profit as a proxy for competitive advantage can lead to underestimating the longer-term threat of a less profitable competitor currently focused on building share, or of overestimating the threat of a more profitable one, which might even be harvesting and planning to exit the business.

Kamukama (2013) thus posits that sustained competitive advantage is attributable to strategic assets which are regarded as those assets which are internally controlled and strategic to the firm. Competitive advantage is thus whatever value a business provides that motivates its customers (or end users) to purchase its products or services rather than those of its
competitors and that poses impediments to imitation by actual or potential direct competitors (Christensen, 2010).

This definition borrows heavily from the resource-based view (RBV). According to the RBV, sustained competitive advantage is influenced by resources that are valuable, rare, non-substitutable and hard-to-imitate and reside within an organization. Accordingly, the discrepancies in size distribution and competitiveness of firms occur from their distinctive capabilities. It becomes imperative that management monitors such internal resources to ensure the firms’ sustainable competitive advantage (Kamukama, 2013).

University education is the peak of higher education. Higher education is important in order to provide a pool of highly qualified personnel with various specialized skills that will enable them to improve their quality of life as well as contribute to national development. With this in mind, the number of students pursuing higher education in Kenya has increased significantly since the 1980’s and that has subsequently seen an expansion of the existing Universities, upgrading of polytechnics to University Colleges and also the mushrooming of new private universities (Gathitu, 2010).

As of 30th June 2013, Kenya had 22 public universities with the main ones being University of Nairobi, Moi University, Kenya University and Jomo Kenyatta University of Agriculture and Technology. Nine public university constituent colleges, 17 Chartered Private Universities which include USIU, Catholic University of Eastern Africa, Daystar University among others. In addition there are 12 private universities with an interim letter of authority from The Commission for University Education (CUE) receiving guidance on how they can continue developing resources and facilities towards full university accreditation status (CUE, 2013).

In addition, there are several Kenyan students who opt to go study abroad. These previously unseen levels of competition result to institutions of higher learning seeking out competitive advantage wherever it can be found. Various universities look at different strategic approaches to attaining competitive advantages. According to Longnecker and Ariss (2002), organizations can create competitive advantage in various ways, either through mergers, acquisitions, strategic partnerships and supply chain improvements. Others are embracing
technology in their systems while others focus on human resource practices with increased focus on employee empowerment, training and performance initiatives.

In the 21st century business landscape, firms must compete in a complex and challenging context that is being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies. Therefore, achieving competitive advantage is a major pre-occupation of senior managers in the competitive and fast growth markets, which characterize many businesses today and the sources of competitive advantage have been a major concern for scholars and practitioners for the last two decades (Njuguna, 2009).

As a result of intense competition in the higher education sector, it is very important that an institution stands out from the rest in order to attract as many students as possible. In order to stand out from the rest, an institution must utilize its resources to develop a competitive advantage (Kamukama, 2013). However, it is not enough to have competitive advantage; this must be sustainable in order for the institution to flourish.

USIU is located in the Kasarani area, one of the suburbs of Kenya’s capital city, Nairobi. The university is an independent, not for profit institution serving approximately 4,800 students of whom 88% are domestic and 12% are international representing about 54 nationalities. USIU was founded in 1969 as the Africa campus of the United States International University in San Diego, California. The University was first accredited in 1981 by the accrediting commission for senior colleges and universities of the Western Association of Schools and Colleges (WASC) as part of USIU – San Diego. The University was mandated to become chartered in Kenya with the gazettement of the Universities Act in 1985. USIU was awarded its charter as an independent institution in 1999 through the Commission for Higher Education (USIU, 2013).

The University has distinguished itself as a premier institution of academic excellence with a global perspective. The University offers five undergraduate majors in the Chandaria School of Business, three in the School of Humanities and Social Sciences and two in the School of Science and Technology. The institution also offers masters and PhD programs. Therefore it
is critical to clearly understand how the institution creates and sustains competitive advantages over its competitors.

1.2 Statement of the Problem

It is understood that across sectors most firms recognize that attaining competitive advantage is the most challenging issue facing firms in the 21st century. The importance of competitive advantage and distinctive competences as determinants of a firm’s success and growth has increased tremendously in the last decade. This increase in importance is as a result of the belief that a fundamental basis of above-average performance in the long run is sustainable competitive advantage (Njuguna, 2009).

In an analysis of the competitive strategies employed by private universities in Kenya, Kimondo, Njogo and Sakwa (2012) point out that despite several empirical studies having looked at the growth of private higher education globally where two aspects stand out; the processes of differentiation, diversification, and stratification, nothing much has been researched on the competitive strategies employed by private universities which presents a knowledge gap. Similarly their study only focused on a narrow scope of this subject that is adoption of technology, innovation and differentiation strategies as a competitive advantage (Kimondo et al, 2012). The study only looked at the adoption of these strategies but did not consider how they can be sustained.

This study therefore aimed to enrich the empirical evidence base on this subject by expanding the studies to include how institutions of higher learning in Kenya create sustainable competitive advantage. The focus was on the adoption of cost leadership, differentiation, and leveraging human resources towards creating and sustaining competitive advantage.

1.3 Purpose of the Study

The purpose of this study was to investigate how USIU can create and sustain a competitive advantage.
1.4 Research Questions
The study was guided by the following research questions;

1.4.1 How can USIU differentiate its services to enable it create sustainable competitive advantage?

1.4.2 How can cost leadership be used to create sustainable competitive advantage at USIU?

1.4.3 How can USIU leverage on its human resources to create sustainable competitive advantage?

1.5 Justification of the Study
The findings of this study will be beneficial to the following stakeholders;

1.5.1 USIU Management
The study aims to show how USIU can create sustainable competitive advantage. The study will therefore be very useful to the University administration in adoption of appropriate strategies to enhance their mandate in a more competitive and sustainable way.

1.5.2 Potential University Students
One critical consideration by students is that the University provides them with the best education possible. This study will provide insight into how USIU uses its resources to enhance the quality of education offered.

1.5.3 The Kenyan Government
The information from this study will be insightful in offering empirical data that policy makers within the government can rely on when developing policy directions for the education sector in Kenya.

1.5.4 Academicians and researchers
The study will be critical for scholars who are interested to further explore the concept of competitive advantage in institutions of higher learning by offering a point of reference. The study will also enrich the knowledge base on the subject.
1.6 Scope of the Study
The study was conducted at the United States International University, Kasarani campus. The study targeted registered undergraduate and postgraduate students of USIU who were the primary sources of data for this research study. The study collected data between March and April 2014.

A limitation expected in the course of the study was lack of co-operation from the respondents. This was however mitigated by obtaining clearance from the relevant university offices to ensure authenticity of the study. The respondents were also assured of anonymity through a signed introductory letter.

1.7 Definition of Terms
1.7.1 Strategy
The tactics that can be employed to outdo competitors and clinch the coveted top spot (Mintzberg et al., 2009)

1.7.2 Competitive Advantage
The advantage over rivals achieved when a company’s profitability is greater than the average profitability of all firms in its industry (Jones & Hill, 2009).

1.7.3 Sustainable Competitive Advantage
The competitive advantage achieved when a company is able to maintain above average profitability for a number of years (Jones & Hill, 2009).

1.7.4 Cost leadership Strategy
Cost leadership strategy refers to striving to be the overall low cost provider of a product or service that appeal to a wide range of customers (Thompson & Strickland, 1996)

1.7.5 Differentiation Strategy
A differentiation strategy seeks to provide products or services unique or different from those of competitors in terms of dimensions widely valued by buyers (Johnson & Scholes, 2002).
1.8 Chapter Summary
Chapter one presented the background information on strategy and competitive advantage. The chapter also offered a brief on the state of the higher education in Kenya with the basic history of USIU being highlighted. The chapter identified the knowledge gap and highlighted the significance of the study. The chapter also provided definitions of the terminologies and concepts in the context of this study. Chapter two of this study explores the literature landscape of this subject matter. Chapter three focuses on research methodology adopted for this study i.e. the research design, population of study, data collection and data analysis methods to be used. Chapter four captures the findings of the study while chapter five presents a discussion in a manner such as to answer the research questions raised in chapter one.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
The purpose of this chapter is to review literature on the subject. The chapter is structured according to the research questions. Section 2.2 looks into differentiation as a strategy for sustainable competitive advantage. Section 2.3 dwells on cost leadership and section and 2.4 the leveraging of the human resources to attain sustainable competitive advantage. The last section 2.5 presents a summary of the chapter.

2.2 Differentiation and Sustainable Competitive Advantage
Differentiation involves offering customers something unique for which they are ready to pay for (Haberberg & Ripple, 2001). Differentiation strategy is usually developed around several characteristics which include product quality, technology and innovativeness, reliability, brand image, firm reputation, durability and customer service (Wang, Lin & Chu, 2011). Education is a service, it is not something tangible. Service firms strive to stay in the forefront of today’s market by offering quality service. Research has shown that service quality is an essential strategy for winning and retaining customers (Zeithaml, 2000).

There are various ways of differentiating an organization’s goods or services, mainly through attributes of the product or service itself. This can be done through functionality, quality and reliability, price, support, reputation and brand image. An organization can differentiate itself by ensuring that its products are superior to those offered by competitors in terms of quality, reliability and support. In addition by maintaining a good reputation and brand image, customers will find it easier to make a choice as the organization clearly stands out (Haberberg & Ripple, 2001). Differentiation of services can be achieved through;

2.2.1 Service Quality
Some people argue that it does not matter where you get a service from; they are so similar that you really cannot tell the difference between a service from provider A and from Provider B. This is further perpetuated by the fact that services are intangible making comparison of the actual service difficult. This however is not quite true. Given that the basic
service is pretty much the same, firms have to go the extra mile to make sure that the service that they offer is unforgettable and the next time one requires that service, they will automatically come to them. They need to differentiate themselves from their competitors in order to remain profitable. Service differentiation is important because a firm’s competitiveness is linked to client perceived value, competitive advantage and a target market focus. High levels of service quality drive differentiation which can operate as a competitive advantage for firms (Chenet, Dagger & O'Sullivan, 2010).

From their study Beal and Lockamy (1999) noted that firms can achieve sustainable competitive advantage across three stages of industry evolution – introduction, growth and maturity by strongly pursuing a competitive strategy of quality differentiation. Firms that develop distinct competencies in producing high quality goods or services in the embryonic stage of their industry’s development can continue to pursue the strategy as the industry moves through the subsequent stages of growth and maturity. Similarly a firm that begins to pursue a strategy of quality differentiation in the growth stage will remain competitive. The study further showed that increased emphasis on quality differentiation increases performance for firms competing even in the maturity stage.

Sustainable competitive advantage accrues to those firms that utilize their strengths and core competencies in process/product quality control and in assessing and satisfying customer concerns with product/service quality. In today’s markets, existing and potential customers are knowledgeable about quality, everyone wants to get the best value that they can for their money. Consequently it is only those firms that have differentiated themselves on the basis of product and service quality that will be able to take advantage of rising demand in an industry for instance the demand for higher education in (Beal & Lockamy, 1999).

Service firms need to focus on differentiating their offering and being at the ‘cutting-edge’ of their industries. Clients will be more committed to the firm if their service is perceived to be unique or differentiated from what other providers can offer. High levels of quality lead to perceptions of service differentiation (Chenet et al., 2010). These perceptions about quality are what will lead to loyal customers thus increasing market share and consequently leading to sustainable competitive advantage.
Further a study conducted by Prajogo (2009) shows that by pursuing quality, firms not only offer products which are better than those of their competitors in their performance but they also produce products at a relatively lower cost. Externally, in terms of performance, reliability and durability, quality serves the differentiation strategy while internally in terms of conformance to specifications or low failure costs; quality also attends cost leadership strategy. The synergy between external differentiation and internal cost leadership allows firms to create a sustainable competitive advantage.

2.2.2 Technology and Innovativeness

Managers have completely overlooked computer technology as a valuable resource in creating competitive advantage. In the past as computers began becoming more popular, people were scared that their jobs would be taken over by computers. However these initial fears were dissipated and managers have come to accept and embrace the importance of data processing in their firms. Surprisingly though, the fact that computers and telecommunication technology can be used to create competitive advantage is being underexploited (Gerstein & Reisman, 2007). Simply using the latest technology does not necessarily lead to competitive advantage for firms; the new technology has to be used within a mindset aiming to deliver service excellence rather than just joining the competitive bandwagon and the implementation of the technology has to create barriers to imitation (Heracleous & Wirtz, 2006).

To take full advantage of the strategic potential of computer technology, management must understand and evaluate the operating and strategic contributions and risks presented by new technology. They must build senior executive’s understanding of the current and potential role which technology plays in the business as well as the changes required to ensure senior executives have the skills required to use the technology effectively. Computer technology can revolutionise many businesses and provide them with sustainable competitive advantage. However this will depend to a large extent on how management affords the technology, the time and importance it deserves as a critical strategic weapon instead of a merely economical way of doing the same old things (Gerstein & Reisman, 2007).

In today’s business environment, competitive pressures and declining margins do not allow firms the luxury of spending funds as they wish to in a bid to improve service quality. The
trick then lies in looking for ways to increase service quality and efficiency simultaneously. Internet technology has in the last decade allowed firms to do just that and redefined several service industries such as financial services, insurance, book and music retailing among others. A major example is the introduction of biometrics (Chenet et al., 2010).

Managers therefore need to ensure that they do not simply employ new technologies for the sake or just to cut cost as this does not create competitive advantage but rather they use the technology to add value to the customers. In addition by aligning new technology with the core competencies, organizational configurations and demand of the market, management will create a strategy that is hard to imitate therefore creating sustainable competitive advantage (Heracleous & Wirtz, 2006).

2.2.3 Outstanding Customer Service

A service is an experience and cannot be stored. The kind of service one gets today at a firm will not be the same kind of service received tomorrow at the same firm from the same person. As a result consistent exceptional customer service is very important in attracting and retaining customers.

To achieve competitive advantage, management must regularly engage in systematic information gathering regarding customer perceived competitive advantages. Management need to find out what customers think about their business and also about key competition’s businesses (Christensen, 2010). Once they understand their customers and what they are looking for, management can then tailor their services to ensure that the experience of customers at their firms is superior. For instance Emirates Airlines implements a corporate strategy called ‘best customer service provider’. It provides the best ground services through early and easy check-in, waiting lounges and chauffeur driven airport transfers in selected cities around the world. As a result Emirates achieved exceptional performance that saw it double its size every 3.5 years in the first 11 years of operation (Nataraja & Al-Aali, 2011).

According to Richardson (1995) superior customer service can be developed by using new technologies to automate processes. Ensuring the speedy response of customer queries and encouraging all members of staff to pursue service excellence. It is crucial that all staff members are trained on how to handle customers as they are the ones in direct contact with
the customer. It is the nature of their interaction with the customer that determines whether the customer will come back or not. The culture in the organization must be one that treats the customer as king to ensure they have an exceptional experience and keep coming back to the organization.

2.3 Cost Leadership and Sustainable Competitive Advantage
Cost leadership is usually attained by offering goods and services at a lower cost than competitors. Cost leaders are therefore able to charge lower prices than their competitors and still make the same profit. In addition, if competition intensifies in the market, the cost leader will be able to withstand this due to its lower costs (Jones & Hill, 2009).

One of Porters generic strategies that lead towards creation of a sustainable advantage is cost leadership. This strategy seeks to achieve above average returns over competitors through low prices by driving all components of its activities towards reducing costs. To attain the cost advantage, firms put considerable effort in controlling production costs, increasing their capacity utilization, controlling materials supply or product distribution and minimizing other costs including research and development and advertising (Prajogo, 2009).

Firms that succeed in cost leadership usually have the following internal strengths; they have access to the capital required to make a significant investment in production assets, they have the skills in designing products for efficient manufacturing, they have high levels of expertise in manufacturing process engineering and efficient distribution channels (Wang et al., 2011).

Hahn and Powers (2004) conducted a study on banks and found out that a cost leadership strategy provides a statistically significant performance advantage over banks that are stuck in the middle. ‘Stuck in the middle’ is a phrase used to the combination of cost leadership and differentiation strategy that is unlikely to produce a sustainable competitive advantage (Prajogo, 2009). Hahn and Powers (2004) research indicated that firms operating in the banking segment of the financial services industry pursue cost leadership, broad differentiation, customer service differentiation and focus strategies to compete. Among these strategy types, banks that follow a cost leadership strategy were found to perform at a higher level than banks that were stuck in the middle.
Porter (1985) introduces various cost drivers, their nature and characteristics within a business. These are:

### 2.3.1 Economies of Scale
Sanchez and Heene (2004) state that economies of scale exist when the costs of performing an activity decrease as the scale of the activity increases. The term scale may be used to refer to capacity; that is, the maximum level of output that the assets used to carry out an activity are capable of sustaining or the “unit-cost” reductions associated with a large scale of output.

The economies of scale stem from doing things more efficiently or differently in volume. Economies of scale arise by increases in outputs that do not require proportionate increases in inputs (technical input-output relationships); many resources are unavailable in small sizes and therefore offer economies of scale. In that sense, firms can spread the costs of these items over larger volumes of output. An example is the units that are available only above a certain minimum size; these are capital equipment, research facilities, advertising campaigns, and distributions systems; and specialization by expanding the number of inputs (Sanchez & Heene, 2004).

Wheelock and Wilson (2009) in a study to determine whether large banks in the USA have lower per unit costs paint a grim picture on mergers and acquisitions directed at reaching economies of scale. The study indicates that banks exhaust scale economies at $100-$500 million of total assets, suggesting little cost savings are generated through either bank mergers or internally-generated growth. This indicates that economies of scale are only attainable up to a certain limit.

### 2.3.2 Economies of Learning
Learning Curve is where cost reductions can be achieved through learning and experience effects. It involves learning of better techniques over a period of time (Bloom & Reenen, 2007). Learning in this sense indicates the increased efficiency that could be achieved through the successful repetition of numerous tasks by a company’s employees. Hence, costs can be reduced by various systematic ways: improved scheduling; labor efficiency improvement; product design modifications that facilitate manufacturing; various output improvements; processes and procedures that allow utilization of assets; and better tailoring
of raw materials to relevant processes. In terms of measuring the continuous effectiveness of ‘learning’ in relation to falling costs companies need to investigate both at the individual and activity levels.

In the near past organizations have realized the true value of having a learning organization learning to the emergence to what is currently referred to as the learning economy. Lundvall (2003) citing Lundvall (1995) notes that the term ‘learning economy’ signifies a society in which the capability to learn is critical to economic success. He posits that the contemporary capitalism has reached the stage at which knowledge is the most strategic resource and learning the most important process. Hence there is a recognition that this process is to a considerable degree path dependent, although significant breakthroughs often involve shifting onto new, rather than further along existing paths. The learning process could thus involve the capability to move from already successful to potentially even more successful new ‘state-of-the-art’ development trajectories, or to learn how to sustain currently successful trajectories of development, or how to shift onto more from less successful paths.

The ability to create knowledge and to continue to learn among employees can become a competitive advantage because innovative knowledge developed today will become the core knowledge of tomorrow (Zack, 1999). Capabilities embedded in management and employees are not easily classifiable by function or position and an organization needs to remove any barriers to accessing this knowledge and competence. The organization will need to develop capabilities to handle change and learn rapidly and this will be developed by focusing attention on such skills and attitudes as agility, flexibility and speed. Organizational success will depend on the speed at which it can generate, capture and disseminate knowledge and then use this knowledge to develop capabilities that cannot be easily copied by rivals (Sharkie, 2003).

2.3.3 Capacity Utilization
Capacity utilization reflects the difference between the potential and actual use of an input or the value of production capacity being utilised over a specific period of time (Tipper & Warmke, 2012). Utilization is highest when full use is made of labor and capital in a static context; capacity utilization can refer to either ‘engineering capacity’ or ‘economic capacity’. Engineering capacity is the maximum sustained production that is possible over a period; that
is, the physical potential of using inputs. On the other hand, economic capacity refers to the desired level of output from inputs. This definition takes account of the cost of additional time units of capital or labor (Tipper & Warmke 2012).

In the long-term, full capacity may be equated with the firm’s optimal long-run equilibrium point, though capacity utilization may vary over time. Low levels of capacity utilization indicate slowing economic activity while high levels suggest strong activity. Hence it may be argued that capacity utilization at a certain point in time is a function of seasonal, cyclical and other demand or supply fluctuations, which have no influence on the competitive position of a company, and rather capacity utilization over the entire cycle is the correct cost driver. Thus one, over a short-medium term period, plant capacity is fixed and hence variations in output relate to variations in capacity utilization; Two, during periods of ‘low demand’ fixed costs are spread over fewer units of production and as a result it raises the cost per unit; Three, during periods of high demand, output may be pushed beyond the normal full-capacity operation, and hence will result to the increase of cost per unit (Grant, 1996).

2.3.4 Linkages
The premise is that various activities within an organization are linked to each other and therefore are affected by those that link with it. Hence the success of a strategy in delivering competitive advantage is dependent on the linkages in the value chain. The value chain includes all those activities that contribute to the final value of an organization’s product. Value added, or margin, is the difference between the total value and collective cost of performing the value activities (Stonehouse & Snowdon, 2007).

There are two types of linkages; internal Linkages: among the activities of the value chain that have an effect on the costs and exist between direct and indirect activities (for instance, quality control and audits can have a significant impact on servicing costs); and external linkages: in relation to suppliers and channels (Stonehouse & Snowdon, 2007). Changing the way of performing a linked activity within the organization will not only have an impact on the cost of another activity but also on the total cost of the linked activities. To infer, a company must optimize such linkages in order to obtain competitive advantage.
Likewise external linkages with suppliers of factors inputs or distributors of the firm's final products can affect the costs of a firm's activities. Porter states that external linkages with suppliers and channels can lower costs by improving coordination and joint optimization between a firm's activities and the value chains of suppliers and channels. For instance, frequent supplier shipments can reduce a firm's inventory needs, appropriate packaging of supplier products can lower handling cost, and supplier inspection can remove the need for incoming inspection.

2.4 Human Resources and Sustainable Competitive Advantage
A resource is anything that a firm has or has learned to do that enables it to conceive and implement strategies that improve its efficiency and effectiveness. These include assets, competencies, capabilities, firm attributes, information and knowledge. A strategic resource on the other hand is a resource that enables a firm to create a sustainable competitive advantage. Strategic resources are rare and difficult to imitate and substitute. There are different types of resources that an organization has which include physical assets, financial assets, and human resources, intellectual and reputational assets (Jones & Hill, 2009).

Physical assets are the tangible assets that an organization has for instance offices, computer systems, research laboratories, libraries, raw materials among other tangible assets. These assets however irrespective of how technologically advanced they are cannot be used as a basis for sustainable competitive advantage as they are accessible to competitors. Competitors can even acquire cheaper and more superior assets. Financial assets are also not considered strategic assets as they are available to all in various sources. Organizations can acquire funds through borrowing from financial institutions, venture capitalists and even selling ownership stake through the stock markets (Jones & Hill, 2009).

Human resources refer to the people in an organization; these are rare and difficult to copy making them strategic resources. While it is argued that human resources can be acquired by competitors, different working environments will bring out different qualities in people. Results witnessed in one organization cannot be easily replicated in another organization due to different conditions (Caliskan, 2010).

In some organizations competitive advantage seems to lie with one person either due to their industry knowledge, technological abilities or motivational ability. Intellectual assets include
patents, copyrights, and research programs among others. These however can be imitated by competitors and can therefore not be considered to give sustainable competitive advantage. Reputational assets include the firm’s brands and their reputation; these are increasingly proving to be sources of sustainable competitive advantage as products in the market become similar. A good reputation and brand image is therefore important as customers will be drawn to the organization’s products when all other factors are mostly similar (Haberberg & Ripple, 2001).

Traditional sources of competitive advantage such as financial and natural resources, technology and economies of scale can be used to create value. However the resource based argument is that these sources are increasingly accessible and easy to imitate, they are therefore less significant for competitive advantage especially in comparison to a complex social structure such as the employment system. This makes human resources an especially important source of sustained competitive advantage (Wang et al, 2011).

To achieve a competitive advantage based on human resources, an organization needs to focus on the following;

2.4.1 Employee Motivation

Trawneh and Al-Rfou (2009) looking at motivation as psychological process that arouses and directs goal-oriented behavior posit that motivation is one of the important (HRM) functions which ensures talented workers stay and perform better and do extra for the organization. In this sense it is one of the most important parts that organizations need to focus on in order to gain success and competitive advantage. Therefore motivation has become a very important function that helps organizations to achieve their objectives; it gives them the power to increase effectiveness in many areas of their business, and helps them to achieve their goals.

Organizational success will depend on the capabilities of both the management and employees. A successful culture needs to be seen to foster employee development and encourage highly competent employees to exercise their talents to impact positively on the organization. A successful culture also provides a work environment in which employees are engaged, challenged, motivated and rewarded in a positive way for their performance and contribution to the organization’s success (Trawneh & Al-Rfou, 2009).
Organizations operate in all areas through people and it is their contribution that determines success because it is people working in the organizations who provide the initiative and productive input. The value of human capital in the development of competitive advantage can therefore not be overstated; skilled people working in a supportive culture become the only sustainable competitive advantage (Sharkie, 2003).

2.4.2 Employee Training
Meeting customer needs on time every time is a route to achieving and sustaining competitive advantage and training is a tool that organizations can use to accomplish this. Unfortunately while many organizations recognize the need for training, not all of them link training with establishing and maintaining a competitive advantage. Even fewer try to access the effectiveness of training programmes in the light of facilitating the achievement of competitive advantage (Burden & Proctor, 2000).

According to a study carried out by Longenecker and Ariss (2002) at a time when organizations are seeking out competitive advantage wherever it can be found, effective management education programs actually help to create and increase an organizations competitive advantage. Effective educational programs expose the participant to better ideas and business practices which are needed in rapidly changing organizations.

The programs can motivate managers to improve performance and can actually help them develop and improve their skills. Further they can increase a manager’s confidence, reduce stress levels and challenge managers to think differently about their business situation and themselves. Effective education programs also encourage managers to think about their career development and set a good example for their subordinates who see their leaders trying to learn and improve themselves. Management education programs can therefore yield a myriad of potential benefits to both the individual and organizations when done in an effective fashion.

To create competitive advantage an organization’s top management must make a commitment to management education in both word and deed and must realize that any management education program worth doing is worth doing well (Longnecker & Ariss, 2002).
2.4.3 Employee Knowledge Management

According to Beer (1997) it will be necessary for human resource management to change their traditional focus from attracting, selecting and developing talented individuals to adopt a new focus on competitive advantage. Organizations should acknowledge the significance of knowledge as a critical organizational resource that provides a sustainable competitive advantage in a competitive and dynamic economy.

Wang and Noe (2010) posit that to gain a competitive advantage it is necessary but insufficient for organizations to rely on staffing and training systems that focus on selecting employees who have specific knowledge, skills, abilities, or competencies or helping employees acquire them. Organizations must also consider how to transfer expertise and knowledge from experts who have it to novices who need to know. That is, organizations need to emphasize and more effectively exploit knowledge-based resources that already exist within the organization.

As one knowledge-centered activity, knowledge sharing is the fundamental means through which employees can contribute to knowledge application, innovation, and ultimately the competitive advantage of the organization. Knowledge sharing between employees and within and across teams allows organizations to exploit and capitalize on knowledge-based resources. Wang and Noe (2010) reiterate that research has shown that knowledge sharing and combination is positively related to reductions in production costs, faster completion of new product development projects, team performance, firm innovation capabilities, and firm performance including sales growth and revenue from new products and services. Hence because of the potential benefits that can be realized from knowledge sharing, many organizations have invested considerable time and money into knowledge management (KM) initiatives including the development of knowledge management systems (KMS) which use state-of-the-art technology to facilitate the collection, storage, and distribution of knowledge.

2.5 Chapter Summary

This chapter provides a theoretical review on sustainable competitive advantage. Under differentiation, the three variables of quality, technology and innovation and customer service were observed. In cost leadership economies of scale, economies of learning, capacity utilization and linkages in relation to sustainable competitive advantage were
examined. In human resources, employee motivation, employee training and employee knowledge management and their impacts on sustainable competitive advantage were examined. In chapter three, the study will focus on the research design and methodology used in collecting and analyzing data.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter outlines the methods and procedures that were used to answer the research questions raised in section 1.4 of this study. It covers the research design, population, sampling regimes adopted and the justifications of the choice of designs. It also covers the unit of analysis, data collection methods, research procedures and data analysis methods. Ethical issues and limitations in this study will also be discussed.

3.2 Research Design
The study adopted a descriptive research design. A descriptive design involves the use of numerical information to collect, organize and summarize data. For this study, the descriptive design was quantitative in nature. Quantitative research relies on deductive reasoning or deduction and makes use of a variety of quantitative analysis techniques that range from providing a simple description of the variables involved, to establishing statistical relationships among variables through complex statistical modeling (Khalid, Hilman & Kumar, 2012).

This type of research calls for descriptions, explanations and predictive phenomena and uses probability sampling to quantify relationships between different variables (Khalid et al, 2012). The descriptive model was devoted to the gathering of information about how USIU can create and maintain a competitive advantage for the purpose of identifying trends and relationships (Aggarwal, 2008).

The independent variable in the study is the sustainable competitive advantage which is dependent on cost leadership, differentiation or human resource management. The descriptive survey consisted of a structured and standardized questionnaire which was appropriate as it gave a quantitative description.
3.3 Population and Sampling Design

3.3.1 Population
The population in this respect is the set of people, or entities to which findings are to be generalized (Garson, 2012). The total population of this study comprised of both under graduate and post graduate USIU students. The population comprised of only those students who were registered and in session as per the registrar’s office, at the time that the study was carried out.

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Graduates</td>
<td>2,227</td>
<td>2,570</td>
<td>4,797</td>
</tr>
<tr>
<td>Graduates</td>
<td>395</td>
<td>611</td>
<td>1,006</td>
</tr>
<tr>
<td>Total</td>
<td>2,622</td>
<td>3,181</td>
<td>5,803</td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design
3.3.2.1 Sampling Frame
This is that part of the population that can be accessed during a study i.e. the realistic version of the population, the ones that can be identified and accessed (Gallardo, Lachlan & Davis, 2012). It consists of a listing of all sampling units. The sampling frame may be the whole population or part of a population (Garson, 2012). In this study, the sampling frame included all the USIU students who were registered and in session at the time that the study was carried out. Since the sampling frame is comprised of actual students in session, they were identified by the registrar’s list of registered students.

3.3.2.2 Sampling Technique
A proportional stratified sampling technique was adopted for this study. A proportional sampling technique is the sampling method that uses a technique in which different sub categories of the sample are identified and then selected proportionate to their occurrence in the population (Gallardo, Lachlan & Davis, 2012).

Members of the population of the study were categorized depending on the level of their studies. That is graduate or undergraduate. Random sampling was then carried out to select a
representative sample from each category to participate in the study. This method of sampling was to ensure that each stratum was properly represented so that the sample drawn from it would be proportionate to the stratum’s share of the population (Kline, 2005). This was to ensure that every element in the population was represented and also to achieve statistical efficiency.

3.3.2.3 Sample Size

A sample size of 150 as calculated below was selected to participate in the study. The sample size represents a subset of sampling units from the population from which the actual study is carried out (Garson, 2012). This is the number of data sources that are selected from a total population (Gallardo et al, 2012).

Gallardo et al, (2012) provides a mathematical formula for calculating sample sizes as follows; 

\[ n = \frac{(a^2 \times pq)}{(b^2)} \]

Where; 

- \( a \) is the z score
- \( b \) is the margin of error
- \( p \) and \( q \) are the estimate proportions

Assuming a 95% level of confidence with a z score of 1.96, margin of error of 8% and (50%:50%) proportions,

Hence; the required sample size \( n = (1.96 \times 1.96) \times (0.5 \times 0.5) / (0.08 \times 0.08) = 150 \)

Random sampling was employed to pick proportionate number of respondents from each stratum as illustrated in Table 3.2.
Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample Frame</th>
<th>Sample Size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>4,797</td>
<td>90</td>
<td>60%</td>
</tr>
<tr>
<td>Masters</td>
<td>1,006</td>
<td>51</td>
<td>34%</td>
</tr>
<tr>
<td>Doctorate</td>
<td>15</td>
<td>9</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>5,803</td>
<td>150</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Primary data was collected using a questionnaire developed in line with the research questions. The questionnaire was structured in four parts, the first part dealt with the general information, the second differentiation factors, the third cost leadership, and lastly the human resources. For this study, written questionnaires were distributed either in hard copy or via email to the respondents for completion before returning. The choice of a questionnaire as the research tool was ideal since questionnaires are stable, consistent, and uniform offering a considered and objective view of issues. This will therefore allow drawing of valid inferences from the study (Babbie & Benaquisto, 2009).

The questionnaire contained both closed and open ended questions. Open-ended questions permit free responses from the respondents, without providing or suggesting any structure for the replies. The closed ended questions enable responses of the respondents to be limited to stated alternatives. These alternatives are designed in such a way as to be simple for the respondents to understand. The use of closed ended questions was employed because it enabled isolation of the responses from external influences unlike the open ended questions which give the respondents total freedom to express their views and attitudes in unbiased manner. The open ended questions also provide the respondents with an opportunity to clarify any outstanding issues not addressed by the closed ended questions to obtain more insight (Patton, 2002).
3.5 Research Procedures

As measure of validating the research instrument, the questionnaires to be used were prepared and submitted to experts for advice on structure, content and the flow. The experts included supervisors who ensured the items captured all the information that was required for the study.

In addition, before the actual data collection, piloting of the questionnaires were done using a small sample of 5 respondents, who were not be included in the final study. This was done through the use of stratified random sampling method to select the respondents within each of the intended strata. The pilot study was used to identify items in the questionnaire that are ambiguous or unclear to the respondents. It also enabled familiarization with the administration of the data collection instruments.

An introductory letter from the University was obtained to facilitate data collection. The questionnaire was then administered to the sampled respondents from the different categories. As a measure of ethical considerations, the ethical issue that was considered during the study was the right of confidentiality and privacy. The respondents were not coerced in any way to discuss what they did not feel like disclosing, but they were assured of confidentiality by means of an introductory letter attached to the questionnaire. The respondents were informed of the purpose of the research and how it will benefit them; the study also ensured adherence to school regulations is maintained. The information was only used for academic purposes of the study.

3.6 Data Analysis Methods

Once the data was collected, the responses to the open ended questions underwent a coding process before being entered into Statistical Package for Social Sciences (SPSS) program for analysis to develop a quantitative inference to the subjects of study.

Descriptive analysis of the data collected was used. The data analysis involved measures of central tendency and frequencies. Frequency distributions and percentages were utilized in the descriptive part of this study to draw conclusions. The data was then summarized and presented by means of tables and figures. The analysis was carried out by the use of Microsoft excel and SPSS.
3.7 Chapter Summary

This chapter covered the type of research design used and explained why the design is relevant to the study. Population, sampling technique, sample frame and sample size to be used have also been explored. Lastly, the data analysis tool (Statistical Package for Social Sciences (SPSS) program) has been mentioned.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings of the study on the research questions with regards to the data collected from the respondents who were students in USIU. The first section presents the background information with regards to the respondents. The second section covers how USIU can differentiate its services to enable it create sustainable competitive advantage. The third section looks at how cost leadership can be used to create sustainable competitive advantage at USIU and the final section focuses on how USIU can leverage on its human resources to create sustainable competitive advantage.

4.2 Background Information

This section presents the background information with regards to the respondents’ gender, level of education, age and level of study. These aspects were put into consideration because of the meaningful contribution they offer to the study.

4.2.1 Gender of the Respondents

Table 4.1 provides a summary of the respondents who were engaged in the survey on the basis of their gender. The results of the study show that 30 percent of the total respondents were of the male gender, while the remaining 70 percent were of the female gender. This finding affirms that the study was not gender biased.
Table 4.1: Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender of the Respondents</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Male</td>
<td>45</td>
</tr>
<tr>
<td>Female</td>
<td>105</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.2.2 Level of Education

The study findings show that 60 percent of the respondents were undergraduates, 34 percent of the respondents were Master’s students and 6 percent of the respondents were at Doctorate level.

Table 4.2: Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>90</td>
</tr>
<tr>
<td>Masters</td>
<td>51</td>
</tr>
<tr>
<td>Doctorate</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.2.3 Age of the Respondents

The study findings show that 26 percent of the respondents were 18 years and below, 40 percent of the respondents between 19-34 years, 34 percent of the respondents between 35-50 years and none of the respondents above 50 years.
Table 4.3: Age of the Respondents

<table>
<thead>
<tr>
<th>Age of the Respondents</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>18 years and Below</td>
<td>39</td>
</tr>
<tr>
<td>19-34 years</td>
<td>60</td>
</tr>
<tr>
<td>35-50 years</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.2.4 Level of Study
The study findings show that the majority of the respondents (44 percent) were first year students. Thirty percent of the respondents were in their 2nd year while 12 percent were in their 3rd year of study. Only 14 percent of the respondents were in their 4th year.

Table 4.4: Level of Study

<table>
<thead>
<tr>
<th>Level of Study</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>1st Year</td>
<td>66</td>
</tr>
<tr>
<td>2nd Year</td>
<td>45</td>
</tr>
<tr>
<td>3rd Year</td>
<td>18</td>
</tr>
<tr>
<td>4th Year</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.3 Differentiation and Sustainable Competitive Advantage
The first objective of the study was to investigate how USIU can differentiate its services to enable it create sustainable competitive advantage. The following sub-sections present a summary of the study findings with regard to this objective.

4.3.1 Standardized and Simple Service Delivery Procedures
The results of the study findings indicate that 34 percent of the respondents strongly agree, 39 agree, 7 percent strongly disagree, 8 percent disagree, while 12 percent are neutral as to
whether the institution has a standardized and simple service delivery procedures. This is a clear indication that USIU programmes are of high quality.

Figure 4.1: Standardized and Simple Service Delivery Procedures

4.3.2 Provision of Services within Reasonable Time
The results of the study indicate that 41 percent of the respondents strongly agree, 31 agree, 9 percent strongly disagree, 9 percent disagree, while 10 percent are uncertain that USIU provides services within a reasonable time frame. This implies that the institution provides services within a reasonable time frame.

Figure 4.2: Provision of Services within Reasonable Time

4.3.3 Operating Hours for Administrative Offices
The results of the study indicate that 35 percent of the respondents strongly agree, 35 agree, 10 percent strongly disagree, 12 percent disagree, while 8 percent are uncertain that the opening hours of administrative offices are personally convenient.
4.3.4 The Institution Values Feedback from Students

The results of the study findings as seen in figure 4.4 indicate that 51 percent of the respondents strongly agree, 28 agree, 10 percent strongly disagree, 7 percent disagree, while 4 percent are uncertain that USIU values feedback from students.

4.3.5 Efficient and Effective E-Learning Platform

Table 4.5, presents a summary of the findings with regards to efficiency and effectiveness of the E-learning platform. The results of the study findings indicate that 49 percent of the respondents strongly agree, 31 agree, 8 percent strongly disagree, 6 percent disagree, while 2 percent are uncertain that there is an efficient and effective e-learning platform. This implies that the e-learning platform is indeed effective when it comes to achieving its purpose.
4.3.6 Administrative Staff Have Good Knowledge of the Procedures

As seen in Figure 4.6, it is evident that 54 percent of the respondents strongly agree, 36 agree, 4 percent strongly disagree, 3 percent disagree, while 3 percent are uncertain that administrative staff at USIU have good knowledge of the systems/procedures.

4.3.7 Administrative Staff Communicate well with Students

The results of the study as seen in the figure 4.7, reveals that 41 percent of the respondents strongly agree, 39 agree, 5 percent strongly disagree, 9 percent disagree, while 6 percent are uncertain that administrative staff communicate well with students.
4.3.8 Administrative Staff Show Positive Work Attitude towards Students

As seen in the figure 4.8, the results of the study findings indicate that 52 percent of the respondents strongly agree, 31 percent agree, 10 percent strongly disagree, 4 percent disagree, while 3 percent are uncertain that administrative staff show positive work attitude towards students.

4.3.9 Regression Results

As seen in table 4.5 there is a positive significant relationship between differentiation and sustainable competitive advantage.
Table 4.5: Regression Results

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Sustainable Competitive Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
</tr>
<tr>
<td>Differentiation</td>
<td>6.114*</td>
</tr>
<tr>
<td>Constant</td>
<td>2.105</td>
</tr>
</tbody>
</table>

Pseudo R²: 0.597
LR chi²(10): 131.20
Sample Size: 150.00

* Imply significance at 1 percent level while ** imply significance at 5 percent level.

4.4 Cost Leadership and Sustainable Competitive Advantage

The second objective of the study was to examine how cost leadership can be used to create sustainable competitive advantage at USIU. The following table presents a summary of the study findings with regard to this objective. A list of the key attributes that are useful in influencing sustainable competitive advantage are shown with the relative mean value of importance as well as the standard deviation, F. and Sig. It was revealed that the high number of those enrolled for school bus services make the rates affordable. Technology used at USIU has been developed over a long period of time. Additionally the study established that USIU has an improved scheduling system developed over time, as well as a culture of efficiency and product quality. USIU classrooms are also always filled to capacity, although the school registers a number of students commensurate to the library size. Finally the study revealed that USIU stresses use of resources to their full capacity, and also the USIU administration departments are linked with the academic departments given that the school has an integrated system where students can log in and interact with individual departments.
Table 4.6: Cost Leadership and Sustainable Competitive Advantage

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>USIU offers competitive fees</td>
<td>60%</td>
<td>31%</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
<td>4.25</td>
<td>1.113</td>
<td>67.2</td>
<td>0.000</td>
</tr>
<tr>
<td>The school bus services rates affordable</td>
<td>60%</td>
<td>20%</td>
<td>12%</td>
<td>9%</td>
<td>0</td>
<td>4.45</td>
<td>1.451</td>
<td>51.4</td>
<td>0.005</td>
</tr>
<tr>
<td>In USIU the cost of fund is cheap</td>
<td>75%</td>
<td>18%</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
<td>3.91</td>
<td>1.119</td>
<td>53.19</td>
<td>0.000</td>
</tr>
<tr>
<td>Technology at USIU has been developed over a long period of time</td>
<td>65%</td>
<td>28%</td>
<td>7%</td>
<td>0</td>
<td>0</td>
<td>3.15</td>
<td>1.234</td>
<td>46.34</td>
<td>0.005</td>
</tr>
<tr>
<td>USIU has an improved scheduling system</td>
<td>75%</td>
<td>24%</td>
<td>3.0</td>
<td>0</td>
<td>0</td>
<td>3.62</td>
<td>1.143</td>
<td>45.98</td>
<td>0.000</td>
</tr>
<tr>
<td>USIU has a culture of efficiency and product quality</td>
<td>62%</td>
<td>29%</td>
<td>1%</td>
<td>2%</td>
<td>7%</td>
<td>4.09</td>
<td>1.226</td>
<td>64.07</td>
<td>0.000</td>
</tr>
<tr>
<td>The USIU classrooms are always filled to capacity</td>
<td>60%</td>
<td>43%</td>
<td>7%</td>
<td>0</td>
<td>0</td>
<td>4.11</td>
<td>1.307</td>
<td>57.23</td>
<td>0.005</td>
</tr>
<tr>
<td>USIU students commensurate to the library size</td>
<td>57%</td>
<td>34%</td>
<td>10%</td>
<td>3%</td>
<td>0</td>
<td>4.23</td>
<td>1.205</td>
<td>55.23</td>
<td>0.000</td>
</tr>
<tr>
<td>USIU stresses use of resources to their full capacity</td>
<td>55%</td>
<td>44%</td>
<td>6%</td>
<td>2%</td>
<td>1%</td>
<td>3.96</td>
<td>1.231</td>
<td>49.23</td>
<td>0.000</td>
</tr>
<tr>
<td>Administration departments are linked with the academic departments at USIU</td>
<td>58%</td>
<td>42%</td>
<td>6%</td>
<td>0</td>
<td>0</td>
<td>4.19</td>
<td>1.118</td>
<td>67.89</td>
<td>0.005</td>
</tr>
</tbody>
</table>
As seen in table 4.7 below there is a positive significant relationship between cost leadership and sustainable competitive advantage.

**Table 4.7: Regression Results**

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Sustainable Competitive Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Variable</td>
<td>Coefficient</td>
</tr>
<tr>
<td>Cost leadership</td>
<td>5.125*</td>
</tr>
<tr>
<td>Constant</td>
<td>2.115</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Pseudo R²</td>
<td></td>
</tr>
<tr>
<td>LR chi²(10)</td>
<td></td>
</tr>
<tr>
<td>Sample Size</td>
<td></td>
</tr>
</tbody>
</table>

* Imply significance at 1 percent level while ** imply significance at 5 percent level.

4.5 Human Resource Leverage and Sustainable Competitive Advantage

The third and final objective was to evaluate how USIU can leverage on its human resources to create sustainable competitive advantage. This subsection presents a summary of the findings with respect to the various elements of human resource that can be leveraged to enhance sustainable competitive advantage at USIU.

4.5.1 Academic Staff Show Sincere Interest in Solving Student Problems

As seen in the figure 4.9, it is evident that 43 percent of the respondents strongly agree, 39 percent agree, 6 percent strongly disagree, 10 percent disagree, while 2 percent are uncertain that academic staff at USIU show a sincere interest in solving students problems when they arise. This implies that the staff members at USIU have developed a culture of concern for the students at all times.
In order to analyze how staff at USIU have been able to show a sincere sense of interest, the study sought to establish how academic staff allocate sufficient and convenient time for consultation. Figure 4.10, shows that 55 percent of the respondents strongly agree, 33 percent agree, 6 percent strongly disagree, 4 percent disagree, while 2 percent are uncertain that USIU academic staff allocate sufficient and convenient time for consultation. This therefore implies that students are well able to better understand more issues that they were not able to grasp while in the classroom, and as such it helps improve students’ performance.

4.5.3 Academic Staff are Enthusiastic

The study further sought to establish if academic staffs are enthusiastic about their jobs. Figure 4.11, shows that 57 percent of the respondents strongly agree, 27 percent agree, 6
percent strongly disagree, 6 percent disagree, while 4 percent are uncertain that USIU students find the academic staff to be enthusiastic at their jobs. This shows that if indeed the staff members are enthusiastic students will register improved performance.

\[\text{Figure 4.11: Academic Staff are Enthusiastic}\]

### 4.5.4 Workshops and Conferences for Staff Training

Figure 4.12 presents a summary of findings with regards to how respondents regard the use of workshops by USIU to train her staff. As shown, 51 percent of the respondents strongly agree, 41 percent agree, 3 percent strongly disagree, 2 percent disagree, while 3 percent are uncertain that workshops can be used a strategy to train staff. Training is key to the performance of employees if the university seeks to maintain competitiveness in the market, especially in the wake of globalization and new developments in the new world order. These findings therefore depict a true picture of what is expected of universities if they are to improve their performance.

\[\text{Figure 4.12: Workshops for Training}\]

39
4.5.5 Team Spirit

Figure 4.13 presents a summary of findings with regard to how respondents regard the team spirit at USIU. As shown in the figure, 54 percent of the respondents strongly agree, 38 percent agree, 2 percent strongly disagree, and 2 percent disagree, while 4 percent are uncertain that there is strong team spirit among USIU staff. This shows that if USIU is seeking to do better, there is need to enhance a strong team spirit within or without the same market frame in a bid to tap on those inimitable resources which may not be possessed by an individual employee.

![Bar Chart](image)

**Figure 4.13: Team Spirit**

Figure 4.14, further presents a detailed summary of the findings with regards to how USIU organizes conferences for information sharing as well as the existence of a string mentorship program, notwithstanding the effective college blog and the strong family spirit.
4.6 Chapter Summary
In this chapter, results and findings based on the specific objectives have been presented in form of pie charts, tables and figures as well as graphs. Chapter five provides a detailed discussion of the results and findings as well as conclusions and recommendations. Recommendations for improvement on each specific objective will be provided followed by recommendations for further studies.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is made up of four sections; this includes the chapter summary, discussion, conclusions, and recommendations respectively. The first section provides a summary of the study, while section two presents a discussion of the major findings of the study. The third section offers a discussion as well as conclusions based on the specific objectives, and finally the last section provides the recommendations for improvement which are based on the specific objectives.

5.2 Summary

The purpose of the study was to investigate how USIU can create and sustain a competitive advantage. The study was guided by three research questions: How can USIU differentiate its services to enable it create sustainable competitive advantage? How can cost leadership be used to create sustainable competitive advantage at USIU? How can USIU leverage on its human resources to create sustainable competitive advantage?

The total population for this study comprised of both under graduate and post graduate USIU students. The population comprised of only those students who were registered and in session as per the registrar’s records at the time that the study was carried out. The study adopted a descriptive research design. This design was appropriate for this study because it necessitated collection, organization and summarizing data from a sample for conclusions. The data analysis involved measures of central tendency and frequencies. The data was presented by bar graphs, pie charts and frequency tables.

The study revealed that USIU has standardized and simple service delivery procedures that contribute towards ensuring that the institution provides services within the expected time frame. The institution has also scheduled the opening hours of administrative offices such that they personally convenient for the diverse population of students that includes both part time and full time students. The institution values feedback from students to improve service performance and implements the suggestions leading to better service delivery. There is also
an efficient and effective e-learning platform that ensures that students can access information from anywhere in the world for instance notes, assignments, grades among others. The administrative staffs also have good knowledge of the systems and procedures and are willing to assist the students with all their queries.

With regard to cost leadership, majority of the students agree that the fees charged at the institution are reasonable. Due to the large number of students, the resulting economies of scale also make other rates for instance the school bus services affordable. With a focus on making the most out of current information technology trends, USIU has focused on ensuring that it has a culture of efficiency and quality and consequently lower costs of doing things. By ensuring that resources are used to their full capacity for instance the physical infrastructure that includes computer labs, classrooms, the library as well as the experienced faculty, the institution is able to keep costs at a minimum and transfer the same benefits to students. The linking of administration and academic departments also improves efficiency and saves on cost.

The study revealed that the academic staff at USIU shows a sincere interest in solving student problems. They are positive minded and enthusiastic about their job which leads them to avail themselves for further consultation and assistance even outside the confines of the classroom. USIU regularly organizes workshops and trainings for her staff to ensure that they keep up to date with developments in their various fields and also to give them a chance to interact, share and learn from each other. This contributes towards the development of a strong team spirit among the staff members. In addition, USIU has a strong mentorship program that gives the opportunity for staff and students alike to help others grow as they themselves learn from those who are more experienced. As a result there is a strong family spirit at USIU.

5.3 Discussions

5.3.1 Differentiation and Sustainable Competitive Advantage

The study affirms that indeed differentiation involves offering customers something unique for which they are ready to pay for Haberberg and Ripple (2001). Differentiation strategy is usually developed around several characteristics which include product quality, technology and innovativeness, reliability, brand image, firm reputation, durability and customer service.
This was established to be the case at USIU, where respondents were in agreement that as a result of the standardized and simple service delivery procedures the institution serves its customers well by ensuring that services are provided smoothly and within the expected time frame. Exemplary customer service is also demonstrated by ensuring that administrative offices are open at hours that are convenient to all students both part time and full time. By embracing current trends in information technology, the institution is able to offer better services to its customers. The study findings show that USIU being in the category of service firms strives to stay in the forefront of today’s market by offering superior service. This therefore confirms research which has shown that service quality is an essential strategy for winning and retaining customers (Zeithaml, 2000).

The findings on service quality at USIU is an affirmation that indeed service firms need to focus on differentiating their offering and being at the ‘cutting-edge’ of their industries. Clients will be more committed to the firm if their service is perceived to be unique or differentiated from what other providers can offer. In the case of USIU, respondents have agreed that indeed they remain committed to the institutions because they perceive services offered as being superior. This therefore reiterates that indeed high levels of quality lead to perceptions of service differentiation (Chenet et al, 2010). These perceptions about quality are what will lead to loyal customers thus increasing market share and consequently leading to sustainable competitive advantage.

The study also established that USIU staff ensures that they are easily contacted by telephone or email and are happy to help students with any queries. It was revealed that there is an efficient and effective e-learning platform that enables the institution to avail student information, notes, assignments as well as other important information online. These findings are an indication of how USIU has taken full advantage of the strategic potential of computer technology; management must understand and evaluate the operating and strategic contributions and risks presented by new technology. The institution has created an understanding of the current and potential role which technology plays in the business as well as the changes required to ensure senior executives have the skills required to use the technology effectively. The findings therefore provide an indication that computer technology can revolutionise many businesses and provide them with sustainable
competitive advantage. However this will depend to a large extent on how management affords the technology the time and importance it deserves as a critical strategic weapon instead of a merely economical way of doing the same old things (Gerstein & Reisman, 2007).

The institution values feedback from students to improve service performance. These findings are an affirmation of how achieving competitive advantage, requires management to regularly engage in systematic information gathering regarding customer perceived competitive advantages. Management need to find out what customers think about their business and also about key competition’s businesses (Christensen, 2010). Once they understand their customers and what they are looking for, management can then tailor their services to ensure that the experience of customers at their firms is superior.

5.3.2 Cost Leadership and Sustainable Competitive Advantage

Majority of the students agree that USIU charges reasonable fees compared to the services that they receive. The institution ensures that all its resources, be they physical infrastructure, information technology and even the faculty are fully utilized and as such is able to keep costs at a minimum.

These findings agree with Wang et al., (2011) who established that firms that succeed in cost leadership usually have internal strengths that help them achieve competitive advantage. These findings are also in line with a study by Hahn and Powers (2004), which was conducted on banks and found out that a cost leadership strategy provides a statistically significant performance advantage over banks that are stuck in the middle. ‘Stuck in the middle’ is a phrase used to refer to the combination of cost leadership and differentiation strategy that is unlikely to produce a sustainable competitive advantage (Prajogo, 2009).

The findings also affirm findings by Powers (2004) research indicating that firms operating in the banking segment of the financial services industry pursue cost leadership, broad differentiation, customer service differentiation and focus strategies to compete. Among these strategy types, banks that follow a cost leadership strategy were found to perform at a higher level than banks that were stuck in the middle. This is a clear indication of how cost leadership brings about sustainable competitive advantage to an organization.
The finding on the creation of knowledge leads to an understanding of how the ability to create knowledge and to continue to learn among employees can become a competitive advantage because innovative knowledge developed today will become the core knowledge of tomorrow (Zack, 1999). Capabilities embedded in management and employees are not easily classifiable by function or position and an organization needs to remove any barriers to accessing this knowledge and competence. The organization will therefore need to develop capabilities to handle change and learn rapidly and this will be developed by focusing attention on such skills and attitudes as agility, flexibility and speed. Organizational success will depend on the speed at which it can generate, capture and disseminate knowledge and then use this knowledge to develop capabilities that cannot be easily copied by rivals (Sharkie, 2003).

The findings on capacity utilization also affirm that this can be a key contributor to sustainable competitive advantage; this is because in the long-term, full capacity may be equated with the firm’s optimal long-run equilibrium point, though capacity utilization may vary over time. Low levels of capacity utilization indicate slowing economic activity while high levels suggest strong activity. Hence it may be argued that capacity utilization at a certain point in time is a function of seasonal, cyclical and other demand or supply fluctuations, which have no influence on the competitive position of a company, and rather capacity utilization over the entire cycle is the correct cost driver.

Finally the findings on linkages between departments at the institution agree to a greater extent with Stonehouse and Snowdon, (2007), who argue that changing the way of performing a linked activity within the organization will not only have an impact on the cost of another activity but also on the total cost of the linked activities. To infer, a company must optimize such linkages in order to obtain competitive advantage. Likewise external linkages with suppliers of factors inputs or distributors of the firm's final products can affect the costs of a firm's activities. Porter states that external linkages with suppliers and channels can lower costs by improving coordination and joint optimization between a firm's activities and the value chains of suppliers and channels (Porter, 1998).
5.3.3 Human Resource and Sustainable Competitive Advantage

The findings of the study show that academic staff at USIU are positive minded and enthusiastic about their jobs leading to superior performance. This goes to support the argument by Trawneh and Al-Rfou (2009) who looking at motivation as a psychological process that arouses and directs goal-oriented behavior posit that motivation is one of the important human resource management functions which ensures talented workers stay and perform better and do extra for the organization. In this sense it is one of the most important parts that organizations need to focus on in order to gain success and competitive advantage. USIU ensures that staff members are constantly motivated by arranging for workshops and trainings where their skills are honed and they get to interact, share and learn from one another.

The findings on employee trainings also agree with a study carried out by (Longenecker & Ariss, 2002). At a time when organizations are seeking out competitive advantage wherever it can be found, effective management education programs actually help to create and increase an organizations competitive advantage. Effective educational programs expose the participant to better ideas and business practices which are needed in rapidly changing organizations. The programs can motivate managers to improve performance and can actually help them develop and improve their skills. Further they can increase a manager’s confidence, reduce stress levels and challenge managers to think differently about their business situation and themselves. Effective education programs also encourage managers to think about their career development and set a good example for their subordinates who see their leaders trying to learn and improve themselves. Management education programs can therefore yield a myriad of potential benefits to both the individual and organizations when done in an effective fashion.

To create competitive advantage an organization’s top management must make a commitment to management education in both word and deed and must realize that any education program worth doing is worth doing well (Longenecker & Ariss, 2002). The findings show that USIU takes the education of its staff members seriously by organizing trainings, conferences and workshops. Granting of sabbatical leaves to staff members to advance their education also shows their commitment towards continuous learning. The
existence of a college blog also fosters interaction not only among staff members but also with students. This fosters a strong team spirit among USIU staff leading to exemplary performance and consequently sustainable competitive advantage.

5.4 Conclusions

5.4.1 Differentiation and Sustainable Competitive Advantage

The study findings show that indeed differentiation can be a source of sustainable competitive advantage in universities. By offering services in a simple manner within expected time frames and adapting operational hours to fit with schedules of different students, USIU is able to stand out from other institutions that are plagued by bureaucracy and red tape. The regular requests for feedback from students and implementation of suggestions on how they can better their services has also seen USIU establish itself as an institution that is responsive to its customer, the student. By establishing an e-learning platform that allows students to keep up with daily activities from literally anywhere in the world also sets the institution above the rest. Ensuring that the administrative staffs are well versed in the schools systems and procedures and respond positively to queries also sets the university apart. Differentiation in service delivery therefore does lead to sustainable competitive advantage.

5.4.2 Cost Leadership and Sustainable Competitive Advantage

The study concludes that cost leadership can bring about sustainable competitive advantage. The study shows that due to the large number of students enrolled at USIU, the institution is able to take advantage of economies of scale and charge lower rates. The consistent and effective use of information technology has also led to a culture of efficiency and service quality. Ensuring that all available resources be they the physical infrastructure, information technology or even the pool of highly qualified faculty members are fully utilized also enables the institution to keep costs at a minimum. In addition the linkage between the various departments means that daily operations are more efficient and this leads to lower costs of doing things. Cost leadership therefore contributes to sustainable competitive advantage as it enables the institution to keep its costs at a minimum.
5.4.3 Human Resource and Sustainable Competitive Advantage
The study concludes that human resource can be a source of sustainable competitive advantage in universities. This is evidenced by the academic staffs at USIU who are positive and enthusiastic about their jobs and are ready to go the extra mile to improve students’ performance. The university keeps its staff members highly motivated by holding workshops, trainings and conferences where professional skills are honed and staff given an opportunity to share and learn from each other. A strong mentorship program also ensures that leaders are constantly being nurtured and the institution has a staff team that is well qualified. The human resources at the university also contribute greatly towards sustainable competitive advantage.

5.5 Recommendations
5.5.1 Recommendations for Improvement

5.5.1.1 Differentiation and Sustainable Competitive Advantage
The differentiation strategy is indeed key in as far as sustainable competitive advantage is concerned. It is therefore important for universities to consider adopting this strategy in order to attain sustainable advantage.

5.5.1.2 Cost Leadership and Sustainable Competitive Advantage
The cost advantage varies from organization to organization, this therefore means that each organization has an opportunity to acquire and thereby maintain a sustainable competitive advantage using cost leadership. The study therefore recommends that universities should maximize on their cost leadership capabilities in order to achieve and sustain competitive advantage.

5.5.1.3 Human Resource and Sustainable Competitive Advantage
The human resource element that contributes to sustainable advantage indeed plays a vital role in the success of any organization. The study therefore recommends that the employee relations as well as other organization factors should be aligned in a way that ensures that there is room for universities to explore means of attaining sustainable competitive advantage.
5.5.2 Recommendations for Further Studies

There were a number of challenges for instance co-operation from respondents that stood in the way of the study. The study however recommends that with the steady growth and subsequent competition in the Kenyan education sector, it is important for universities to determine how to create their individual competitive advantage. In this regard therefore the researcher recommends that additional studies should be conducted on further factors that can contribute to sustainable competitive advantage in Kenyan universities.
REFERENCES


51


52


APPENDIX I: COVER LETTER

P.O. BOX 14634, 00800.

NAIROBI.

DATE:

Dear Respondent,

I am pleased to inform you that I am a graduate student at United States International University pursuing a Master’s degree in Business Administration. As partial fulfilment of the course, I am conducting a research study on creating sustainable competitive advantage in institutions of higher learning.

This study focuses on USIU as a case study from which you have been selected as one of the lucky respondents. The result of this study will provide the management with the necessary information on adopting sustainable competitive advantage.

This is an academic research and confidentiality is strictly emphasized, your name will not appear anywhere in the report. Kindly spare a few minutes to complete the questionnaire attached.

Thank you in advance,

Yours Faithfully,

Rahab Ngugi
APPENDIX II: QUESTIONNAIRE

PART I: General Information

Kindly answer all the questions either by ticking in the boxes or writing in the spaces provided. Note that the evaluation will be considered incomplete if you do not answer all the questions

1. Gender:
   - Male ☐
   - Female ☐

2. Study level
   - Undergraduate ☐
   - Master Degree ☐
   - Doctorate ☐

3. Marital status:
   - Single ☐
   - Married ☐

4. What is your age range?
   - 18 years and below ☐
   - 19-34 years ☐
   - 35-50 years ☐
   - above 50 years ☐

5. Which school are you enrolled in
   - School of Humanities and social sciences ☐
   - School of Sciences & Technology ☐
   - Chandaria school of Business ☐

6. Year of study
   - 1st year ☐
   - 2nd year ☐
   - 3rd year ☐
   - 4th year ☐

7. In your opinion is USIU services unique in any way from other institutions?
   - Yes ☐
   - No ☐

8. If yes in 7 above, in which way are they unique?
   ...........................................................................................................................................................
   ...........................................................................................................................................................
   ...........................................................................................................................................................
PART II: Differentiation

On a scale of five; please rank the following statements on the extent of your agreement with regard to your institution by filling the empty boxes using a (✓) or (X).

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The institution has a standardized and simple service delivery procedures</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2</td>
<td>The institution provides services within reasonable/expected time frame</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3</td>
<td>The opening hours of administrative offices are personally convenient for me</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4</td>
<td>The institution values feedback from students to improve service performance</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5</td>
<td>The staff ensure that they are easily contacted by telephone or email</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6</td>
<td>There is an efficient and effective e-learning platform</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7</td>
<td>The institution avails student information on line</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8</td>
<td>The institution has established an effective groupware for on line classroom discussions</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9</td>
<td>Administrative staff have good knowledge of the systems/procedures</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
9. Do you believe that services in the Kenyan institutions are differentiated?
   Yes ☐ No ☐

10. If yes in 9 above, in which areas?
    ********************************************************************************
    ********************************************************************************
    ********************************************************************************

11. In your opinion how can institutions of higher learning differentiate their services to obtain competitive advantage?
    ********************************************************************************
    ********************************************************************************
    ********************************************************************************
    ********************************************************************************
PART III: Cost leadership

On a scale of five; please rank the following statements by filling the empty boxes using a (√) or (X).

<table>
<thead>
<tr>
<th></th>
<th>Highly disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Highly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I am offered competitive fees at USIU due to the high number of students</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2</td>
<td>High number of those enrolled for school bus services makes the rates affordable to</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3</td>
<td>By enrolling more students, USIU has made the cost of fund in campus cheap</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4</td>
<td>Technology used at USIU has been developed over a long period of time</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5</td>
<td>USIU has an improved scheduling system developed over time</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6</td>
<td>USIU has a culture of efficiency and product quality</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7</td>
<td>The USIU classrooms are always filled to capacity</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8</td>
<td>USIU registers a number of students commensurate to the library size</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9</td>
<td>USIU stresses use of resources to their full capacity</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10</td>
<td>Administration departments are linked with the academic</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>11</strong></td>
<td><strong>USIU has an integrated systems where suppliers can log in and interact with individual departments</strong></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>12</strong></td>
<td><strong>All labs and library services at USIU are inter linked</strong></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

In general do you find your institution to be adopting cost leadership strategy?

Yes ☐ No ☐

If yes above in which areas?

------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

In your opinion how can USIU use cost leadership to achieve sustainable competitive advantage

------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
**PART IV: Human Resource leverage**

On a scale of five; Please rate the following statements as concerns staff within your institution

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Academic staff show a sincere interest in solving a problem when I have one</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2</td>
<td>Academic staff allocate sufficient and convenient time for consultation</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3</td>
<td>I find the Academic staff to be enthusiastic with their jobs</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4</td>
<td>Administrative staff show positive work attitude towards students</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5</td>
<td>USIU normally organize workshops to train her staff</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6</td>
<td>The Academic Staff at USIU normally go for sabbatical leaves</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7</td>
<td>Staff at USIU routinely go for training</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8</td>
<td>USIU organizes conferences for information sharing</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9</td>
<td>USIU has a strong mentorship program</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10</td>
<td>There is strong team spirit among USIU staff</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>11</td>
<td>There is an effective college blog at USIU for interactions</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
In your opinion, what measures should be put in place to ensure the human resource at USIU is leverage for sustainable competitive advantage.

THANK YOU FOR TAKING YOUR TIME TO COMPLETE THE QUESTIONNAIRE