

The Influence of Productivity Strategy on the Growth of Private Secondary Schools in Gilgil Sub-County, Kenya

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Abstract: The purpose of this study is to establish the influence of productivity strategies on growth of private secondary schools. Private schools in Kenya need to focus on target marketing their efforts to the niche markets of specific identifiable customers. There are many important elements to consider in defining the marketplace, but the bottom line is customer needs. There are no absolutes in marketing for private schools. A marketing mix that works for one school may fail miserably for another. Efforts to sell educational products and services generally do not work well with mass marketing efforts aimed at everyone. Marketing efforts should start with a sound recognition of customer needs and then work backwards to devise products and services to satisfy those needs. In this manner, private schools can presently satisfy customers in a more efficient manner as well as anticipate future services and opportunities. Today, as competition and costs increase, and as productivity and quality decrease, more marketing sophistication is needed. Private schools face three major marketing tasks: they want to increase their competitive differentiation, service quality and productivity. The efforts to sell educational products specifically do not work well with mass marketing efforts aimed at everyone. Marketing efforts should start with a sound recognition of customer needs and then work backwards to devise products and services to satisfy those needs. This way, private schools can presently satisfy customers in a more efficient manner as well as anticipate future services and opportunities. Schools that draw from the marketing experiences of others may be able to avoid unsuccessful strategies, emulate profitable ventures at reduced costs, and embrace marketing opportunities with fewer uncertainties. Performance metrics that are directly tied to growth include enrollment, infrastructure, teacher population, increased subject choice, number of classrooms among others. The study targeted all 125 teachers of the 11 private secondary schools in Gilgil Sub-County, Kenya. The study found that productivity strategies influenced the growth of the private secondary schools and recommends for more creative productive strategies for all schools.

Keywords: Productivity Strategy, Growth of Private Secondary Schools, performance metrics.

INTRODUCTION

According to Bauer and colleagues [1], until 1980, almost all education in Kenya was provided free of charge by the government. Throughout the '80s, however, reduced foreign aid and a deteriorating economy contributed to a gradual decrease in per pupil funding and deterioration in school quality. A decision in 1986 to radically alter the structure of primary and secondary education also added many new courses to the required curriculum and placed increased demands on schools' limited resources. In response, previously free public schools began to charge fees that by 2001, ranged from 3,000 Kenyan shilling to as much as 30,000 Kenyan shilling a year, depending on whether the school was located in a poor or wealthy neighborhood. Because government funding for education is absorbed almost entirely by teaching and administrative salaries, these fees are the only means schools have to pay for general maintenance, school supplies and books.

Schools charging lower fees have therefore had to cope with far fewer resources. Furthermore, some of the poorest families cannot afford even 3,000 Kenyan shilling a year, which has contributed to the increasing problem of "street children" who do not attend school. In the 1980s, the deteriorating quality of public education in Kenya and the rationing of spots created demand for private alternatives. Entrepreneurs responded, and by 2001 there were 700 primary and 300 secondary private schools throughout Kenya. Because of the need for laboratories, athletic facilities and other amenities, secondary schools are more capital-intensive than primary schools and are therefore typically less attractive investments. This has led to a greater number of private primary schools than private secondary schools, despite the fact that the secondary market is potentially even more underserved.

Development of private education is considered, to a large extent, a means to lessen the pressure on government funding while ensuring access

to education and guaranteeing greater household control over efficient management of their expenditures for education. Growth and expansion of private education in both developed and developing economies is experienced where the market for education is characterized by excess demand, differentiated demand, household willingness to pay for education services, market criteria such as profit margin, affordability, fee charging and self supporting accountability, schooling choice and effective management [2].

The supply-side factors of private education relate to situations where public provision of services does not meet the needs of the target population group leading to private provision in order to bridge the existing gap [3]. Private sector investment and development in education takes two forms: for-profit institutions and a broader form where non-public institutions financed owned and managed by a nexus of for-profit commercial institutions, not-for-profit institutions, religious and charitable organizations, non-governmental and community-based organizations, communities and individuals.

However, private investment in education cannot be efficient with the existence of monopolies, high production costs, existence of substantial externalities and where there is merit for public education. Thus, as “market failure” explains government intervention, inefficiencies in government service delivery, excessive bureaucracies, inequitable access and financial constraints to provide public education efficiently encourage private investment in education. In general, school quality is based on various aspects, including quality of facilities and resources, school performance, income levels and cost of the school. There is a wide range of private schools from low income to high-income schools; most expensive (for-profit) to least expensive (not-for-profit) private schools; and from well performing to not so well performing [4]. Some private schools take the form of high quality educational institutions financed mainly through student fees and have to continually charge high fees to maintain their level of service delivery, and are therefore accessible only to a minority.

According to Lovelock and Wirtz [5] advocates of private schools argue that private involvement in school management leads to more efficiency and responsiveness to parents’ demands. Principals in these schools have more autonomy to manage than public school principals do, although the extent of school autonomy varies across countries. Privately managed schools may have the authority to hire and compensate teachers and staff, and thus can select better-prepared teachers and introduce incentives for performance. Privately managed schools may also have more discretion on curricula and instructional methods, and so can adapt them to the interests and

abilities of their students. In addition, privately managed schools have greater incentives to reduce costs and may be subject to more flexible regulations. The need to attract students means that privately managed schools must be more sensitive to parents’ demands concerning curricula, teaching methods, facilities and discipline, and more responsive to students’ needs.

According to their study, those who oppose private schools argue that private schools threaten equity and social cohesion and are subject to market failures. For example, a public monopoly can be replaced by a private one, and consumers may have incomplete information about the schools or may be discriminated against during admissions procedures. Private schools, they argue, have no incentives to look at the broader picture of education, such as the negative impact of stratification. Indeed, one of the greatest concerns about private schools is that these schools tend to “skim off” the best students and leave average or struggling students to be educated in public schools. In addition, they argue, granting greater discretion over curricula can mean that schools could opt out of teaching certain core social values. In many countries, private schools have been created with the explicit intent of catering only to specific groups of students, identified by religion, ethnicity, academic ability or socio-economic status. While the prevalence of these kinds of schools offers parents greater choice, it undermines social cohesion and erodes a sense of community among different social groups.

Service businesses are more difficult to manage when using only traditional marketing approaches. In a product business, mass produced products are fairly standardized and sit on shelves waiting for customers. But in a service business, the customer and frontline service employee interact to create the service. Thus service providers must work to interact effectively with customers to create superior value during service encounters. Effective interaction, in turn, depends on the skills of frontline service staff, and on the service production and support processes backing these employees. Thus successful service companies focus their attention on both their employees and customers. They understand the service-profit chain, which links service firms' profits with employee and customer satisfaction. This chain consists of five links: healthy service-profits and growth, satisfied and loyal customers, greater service value, satisfied and productive service and internal service quality.

Adverse macroeconomic conditions and inter-sectoral competition for public funds have reduced most developing countries’ ability to continue expanding education in existing schools. Public expenditure in education and other sectors has either remained stagnant or shrunk in real terms in most developing countries over the past years despite the significant

fiscal resource allocation to education. In 2004/05, for instance, 34 per cent of Kenya's recurrent budget was allocated to education, 95 per cent of which was recurrent budget comprising mainly personnel emoluments, leaving less than 5 per cent for teaching and learning materials, operations and maintenance, rehabilitation and expansion of physical infrastructure [6]. Although current education reform policies in Kenya encourage potential contributions of households and private sector [7] the issues affecting private sector investment in primary and secondary education have not been assessed adequately.

According to Homans [8] a number of marketing strategies have been employed in business in different circumstances which is commonly referred to as the marketing mix. The marketing mix is a business tool used in marketing and by marketers. The marketing mix is often crucial when determining a product or brand's offer, and is often associated with the four Ps: price, product, promotion, and place. Later marketing scholars have the 4Ps Model to the 7Cs Model to provide a more complete picture of the nature of marketing. The 7Cs model attempts to explain the success or failure of a firm within a market. The model looks at corporation, commodity, cost, communication, channel, consumer and circumstances.

Firms can choose from one of the three generic strategies to compete in the marketplace, regardless of the context of industry [9]. It is worth noting that firms that are successful at making use of the cost leadership strategy are often positioned to capitalize on a value proposition which emerges from their low cost emphasis. These firms typically focus their efforts on value-oriented customers in the market. Value products are focused on providing value-oriented customers with products that are indeed value-for-money, relative to competitive offerings. Interestingly, an emphasis on cost leadership in this sense can act as a form of differentiation. Successful implementation of a cost leadership strategy would benefit from process engineering skills, products designed for ease of manufacture, access to inexpensive capital, tight cost control and incentives based largely on quantitative targets.

Managing Productivity

Most economists rank productivity as the most important factor of an economy's health, because, in the long run, the rate of productivity growth is essential to economic welfare [10]. The most familiar concept is 'labor productivity' that may be defined as output divided by the number of workers or by the number of hours worked. Output can be measured in physical units, but more generally it is a very broad aggregate like gross domestic product. Another concept is 'total factor productivity' that captures the contribution to output of innovation, managerial skill, organization, and

even luck [11]. Specialization, better equipment of workers with capital, or advanced manufacturing methods may lead to productivity growth. In fact, the potential for increasing total factor productivity is limitless, even if factors of production like land will always be scarce. Economists argue that at least half, if not more, of the growth in labor productivity in the post-World War II period has been achieved through making better use of factors of production, not because of the use of added capital [12].

Policy-makers have to use a large range of leverages to boost productivity for example investment in education, research, or infrastructure). But also they have to focus on the framework conditions of the productivity growth; Jean-Philippe Cotis advocates that, to a large extent, the roots of the productivity problem lie in poor framework conditions. The degree of competition in a particular country or sector is often considered to be among the most important of such pro-productivity factors. Open, competitive product markets stimulate efficiency via a better allocation of resources within the economy, lead to stronger efforts on the part of managers to cut the slack at the enterprise level, boost innovation. Obviously, a lack of competition reduces the pressure on firms to incorporate better technology, remove organizational slack and improve productivity performance.

Rising costs put service firms under great pressure to increase service productivity. The problem is particularly acute where the service is labor intensive [13]. Productivity can be improved in several ways: The service providers can train current employees better, or they can hire new ones, who will work harder or more skillfully for the same pay, the service providers can increase the quantity of their service by giving up some quality and the provider can "industrialize the service" by adding equipment and standardizing production to increase service output. The service providers can also increase productivity by designing more effective services, they can give customers incentives to substitute company labor with their own labor, and they can increase productivity by increasing flexibility and reshaping demand. Supplier flexibility - the ability to improve supply capacity - is increased by using part-time workers and shared facilities, and by rescheduling peak-time facilities and work. Demand movements are reshaped by differential pricing, reservation systems and stimulating non-peak usage [14].

However, companies must avoid pushing productivity so hard that doing so reduces perceived quality. Some productivity steps help standardizes quality, increasing customer satisfaction. But other productivity steps lead to too much standardization and can rob consumers of a customized service. Attempts to industrialize a service or to cut costs can make a service company more efficient in the short run, but reduce its

longer-run ability to innovate, maintain service quality and flexibility, or respond to consumer needs and desires. In some cases, service providers accept reduced productivity in order to create more service differentiation or quality [15].

METHODOLOGY

The study used descriptive research design which according to Kothari [16], enables data to be systematically collected and analyzed to provide a descriptive account of the variables under study. The researcher preferred simple random sampling to select the teachers from lists of employees in each of the targeted private secondary schools.

Cooper and Schindler [17] define sampling frame as a list of all the elements from which the sample is drawn and is clearly related to the frame. Yamane [18] provided a simplified formula to calculate sample sizes as:

$$n = \frac{N}{1 + Ne^2}$$

Where *n* – sample size,
N – sampling population and,

e – level of significance

Given a population of 125 and significance level of 5%, then the sample size can be calculated as-

$$n = \frac{125}{1+(125 \times 0.05^2)} = 95.23 .$$

The sample of the study constituted 95 respondents randomly selected from the private secondary schools.

A questionnaire with a high reliability would receive similar answers if it is done again or by other researchers [19]. Utilizing data from the pilot test, the reliability was determined through the Cronbach alpha coefficient analysis. The Cronbach alpha reliability recommends a reliability coefficient of $\alpha = 0.70$ and above. Cronbach alpha provides a good measure of reliability because holding other factors constant the more similar the test content and conditions of administration are, the greater the internal consistency reliability. The coefficients of the study variables are presented in Table 1.

Table-1: Reliability Test

Study Variables	Number of Test	Cronbach Alpha Values
Cost Leadership Strategy	8	0.79
Differentiation Strategy	8	0.86
Cost Strategy	8	0.78

Source: Author (2015)

From the analysis, since all the alpha values were greater than 0.70, the data collection tool was deemed to be reliable.

RESULTS AND DISCUSSION

The section provides a descriptive analysis of the collected data, interpretation and discussion of the findings. Following the processing and analyzing of the collected data, the findings are presented and discussed in this section. The findings and discussions are in line with the variables and objectives of the study. The responses on all the variables are on a 5-point scale while the statements in the view of the same are on a Likert scale. In the 5-point scale 1, 2, 3, 4 and 5 represent strongly disagree, disagree, neutral, agree, and strongly agree respectively.

Productivity Strategy

In this section the researcher presents various aspects touching on productivity strategy and how it influences growth of private secondary schools in Gilgil sub-county. The findings are based on a 5-point Likert

scale and are depicted in Table 2. From the findings, majority of the respondents agreed that The increasing cost of human resources in the school had put pressure to increase productivity (4.17), that the school based its recruitment and selection on employee skills and competence which had enhanced productivity (3.87), that insistence on productivity had not reduced the quality of services offered (3.97) and that productivity strategy was one of their strengths in enhancing marketing and growth of the school (3.71).

The respondents however disagreed that the school had invested in continuous training and development of employees in order to enhance their productivity (1.72), that the school had invested in relevant technological advances in order to enhance employee productivity (1.80) and that the school had incentives for employees who met or exceeded productivity targets which had enhanced staff retention (2.32). The study deduced that productivity strategy had some influence on growth of private secondary schools.

Table-2: Productivity Strategy

	n	Min	Max	Mean	Std. Dev.
The increasing cost of human resources in our school have put pressure to increase our productivity	75	1	5	4.17	0.951
The school has also invested in continuous training and development of employees in order to enhance their productivity	75	1	5	1.72	0.683
Our school bases its recruitment and selection on employee skills and competence which has enhanced productivity	75	1	5	3.87	0.946
The school uses flexible approaches in timetabling and use of facilities all aimed at improving productivity	75	1	5	2.51	0.935
Our school has invested in relevant technological advances in order to enhance employee productivity	75	1	5	1.80	0.933
The school has incentives for employees who meet or exceed productivity targets which has enhanced staff retention	75	1	5	2.32	0.978
Insistence of productivity in our school has not reduced the quality of services offered	75	1	5	3.97	0.867
Productivity strategy is therefore one of our strengths in enhancing marketing and growth of our school	75	1	5	3.71	0.974

Productivity Strategy and Growth of Private Schools

The respondents’ ratings in the statements related to productivity strategy were cumulated to obtain a composite score for productivity strategy. The total scores were then used to compute the Pearson’s

Product Correlation Coefficient to establish whether there was a relationship between productivity strategy and growth of private schools. The findings of the correlation analysis were as shown in Table 2.

Table-2: Productivity Strategy and Growth of Private Schools

		Growth of Private Schools	Productivity Strategy
Growth of Private Schools	Pearson’s(r)	1	.513**
	P-Value		.01
	N	75	75
Productivity Strategy	Pearson’s(r)	.513**	1
	P-Value	.01	
	N	75	75

***. Correlation is significant at the 0.05 level (2-tailed).*

There was a strong positive relationship between productivity strategy and growth of private schools ($r = 0.513$). The strong positive relationship implies that high growth levels in private schools can be associated with the productivity strategies employed. Based on these findings, the hypothesis that stated there was no relationship between productivity strategy and growth of private secondary schools was rejected and it was concluded that productivity strategies has some significant influence on the growth of private secondary schools.

Hypothesis Testing

A **statistical hypothesis** is an assumption about a population parameter. This assumption may or may not be true. **Hypothesis testing** refers to the formal

procedures used by statisticians to accept or reject statistical hypotheses. For the purpose of testing the significance of each variable the study used t-test statistic. The significance of this relationship was tested using the formula developed by Snedecor [20] as:

$$t = r \sqrt{\frac{n - 2}{1 - r^2}}$$

Given the r -value obtained, a significance level of 5%, and number of observations, $n = 75$ with $n - 2$ degrees of freedom, the calculated t values and the critical values are given in Table 3. The basis for rejecting the null hypothesis in such tests is when the calculated t-values are greater than the critical t-values.

Table-3: Hypothesis Testing

Hypothesis	df (n-2)	r	Calculated t-values	Critical t-values
Differentiation	73	0.331	27.136	1.993
Service quality	73	0.585	64.926	1.993
Productivity	73	0.513	50.824	1.993

Based on these findings, the all the null hypotheses were rejected and it was concluded that differentiation strategy, service quality and productivity strategies all had significant influence on the growth of private schools in Gilgil; Sub-County, Kenya.

SUMMARY OF THE FINDINGS

The researcher summarized the research findings in the order of study objectives. The aim of summarizing was so as to enable the researcher to come up with key findings from which conclusions would be drawn. It was established that the increasing cost of human resources in the schools had put pressure to increase productivity, recruitment and selection on employee skills and competence which had enhanced productivity, insistence on productivity had not reduced the quality of services offered and productivity strategy was one of their strengths in enhancing marketing and growth of the school. However, the schools had not invested in continuous training and development of employees in order to enhance their productivity, had not invested in relevant technological advances in order to enhance employee productivity and did not have incentives for employees who met or exceeded productivity targets which would enhance staff retention.

CONCLUSIONS

Based on the findings of the study, the researcher has drawn several conclusions which are presented in this section following the order of the objectives of the study. The study concluded that since productivity strategy has the second most influence on growth of private schools, the schools enhance strategies that increase productivity, recruitment and selection should be based employee skills and competence, insistence on productivity should continue, and they should make productivity strategy be one of their strengths in enhancing marketing and growth of the school.

RECOMMENDATIONS

After drawing inferences in line with the study objectives, the researcher proposes pertinent recommendations based on the inferences drawn from the correlation analysis and conclusions drawn. The schools should develop their productivity strategies which are not only flexible and progressive but also aligned to the needs of all the stakeholders involved in the growth of the private schools. Further, it is recommended that recruitment and selection should be based employee skills and competence, there should be insistence on productivity and schools should make

productivity strategy be one of their strengths in enhancing marketing and growth.

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