

THE STRATEGIES PUT IN PLACE BY SELECTED PRIVATE UNIVERSITIES IN KENYA TO ADDRESS THE ISSUES OF FINANCIAL SUSTAINABILITY

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ABSTRACT: *Private universities have a great responsibility of managing financial sustainability and hence the need to explore different strategies that would enhance their financial sustainability. Kenya Vision 2030 requires institutions to develop strategies that will help in achieving its goals. Therefore, this paper explores the strategies administrators in private universities use to manage financial stability. Three major strategies were adopted by selected private universities to enhance their financial sustainability. These strategies include students' recruitment strategies, internal and external funding strategies and program development, review and diversification. Ludwig Von Bertalanffy's General System Theory (GST) originally developed in the 1940's - which later came to be known as System Theory - was the conceptual framework that guided this study. Qualitative grounded theory design was used for collecting, analyzing, interpreting and reporting data. An interview guide was used to collect data for the two research questions that guided the study. Data was collected using self-developed interview schedule, and were digitally recorded and transcribed. The data was then organized manually and analyzed qualitatively through use of codes and formation of categories which eventually developed broader and tentative themes and patterns that brought meaning out of the information collected. Twenty respondents of this study were chosen purposefully from four out of the five universities in Kenya founded as theological colleges and had been chartered as private universities at the time of the study. Triangulation was used for data collection to increase the trustworthiness of the findings. The findings of this study indicate that the strategies that were put in place were not yielding sufficient income because of the many internal and external challenges being faced by these universities. Therefore this study recommends ways of developing, reviewing and diversifying revenue streams (input activities) that will generate adequate income to overcome the challenges in the system that are major impediments to implementation of activities (output) that would lead to establishment of a financial sustainable university.*

KEYWORDS: Financial sustainability, Strategies, Student Recruitment, Private University, Marketing, Program development, review and diversification

INTRODUCTION

According to this paper, financial sustainability is the ability of an institution to fully meet operating costs while effectively fulfilling its organizational mission with financial reserves that ensure operations for at least one year and at the same time maintaining an institutional capacity that attracts funding for capital projects (Smith, 2006) This paper considers strategies

put in place by selected private universities in order to enhance financial sustainability. The strategies discussed are students' recruitment strategies, program development, review and diversification strategies and both internal and external funding strategies. The paper provides the literature review that informed the study, research methodology, discussion of the research findings, conclusion and recommendations for further study.

LITERATURE UNDERPINNING

The paper was guided by General System Theory (GST) originally developed by Ludwig Von Bertalanffy in 1940's. According to Bertalanffy, the General System Theory which later came to be known as System Theory stated that a system is a network of interacting elements hence in order to understand an organized whole we must know the parts and the relations between them (Bertalanffy, 1969, p. 34). According to Robert Owens, a system contains inputs, processes and outputs. Systems share feedback among each of the three stated aspects. (Owens, 1981, p. 64). The system theory is useful in this paper because universities are open systems made of different components which are interrelated and their interactions affect each other in the realization of certain outputs.

Strategies are an integrated overall concept and plan or course of action that will enable the company to achieve its strategic goals and objectives. They are very fluid things because they are not just statements included in business plans but they are about ideas that leaders must use to engage managers and staff to win their consent through debate, persuasion and negotiations (Joyce 1999, p. 2; Dessler 2011, p. 80). The strategies are the means by which the mission of the organization is put into practice, and objectives achieved by attracting and satisfying its customers (Morden 2007; Robbins and Coulter 2009). These strategies must also be aligned with the mission, goals, beliefs, and values that characterize the organization as well as with the various sub-systems that make up the organization (DeSimone, Harris, and Werner 2002, p. 13).

The purpose of formulating the strategies therefore is to point the organization towards a direction from where it is, to where it should be by achieving its strategic aims, thereby being able to compete successfully, to survive and to grow (Dessler 2011, p. 78). According to Smith (2006), the institution strategy should be clearly articulated and understood, taking into account the resources available and the environment in which it operates, and the strategies should be supported by both medium and short-term financial plans. Robbins and Coulter have added the aspect of business model which brings in the issue of the company making money. This is to make the organization economically viable (Robbins and Coulter 2009, p. 163).

There are the broad categories of strategies used by university management to enhance financial sustainability of their institutions. United Nations Educational, Scientific and Cultural Organization (UNESCO) noted that efforts to sustain universities "will likely only succeed insofar as they combine flexibility, innovation, and creative collaboration among relevant constituents, while sharing a common commitment to a vibrant and sustainable higher education sector (UNESCO, 2009). Hence, this calls for a lot of strategic planning as well as creativity and innovation on the part of the university leadership in ensuring development of

viable strategies that will increase the financial status of the universities. The general strategies obtained from literature related to key issues underpinning this study can be classified into the following categories:

Student Recruitment Strategies

It is important for institutions to develop, review and diversify programs but unless they create general awareness then students may not know the programs being offered and hence poor enrolment. In particular, private institutions that were founded as theological colleges, may not attract students to the new non-theological programs since the society may not be aware of their expansion beyond theological programs. Bellon therefore advises that to improve the visibility of the theological institutions, there is need to do strategic marketing and branding efforts that require qualified personnel who so often do not exist in these institutions (Bellon 2017, p. 61).

The private universities will need to market their programs more aggressively using appropriate, creative and effective marketing and promotion strategies to maintain viability (Brown 2005, p. 51). This suggestion is not as easy as stated in the sense that if the institutions are to develop many programs, then extra finances will be needed to pay for the resource persons in addition to paying for the approval of the programs as required by the Commission for University Education. Moreover, marketing has become very competitive and an expensive exercise for the emerging private universities to afford and hence the need to expand the funding strategies.

External Funding Strategies

Donations have been the most consistent source of funding for theological institutions hence they play a significant role in their financial sustainability (Bellon 2017, p. 59). The religious-based private institutions rely heavily on their founding religious organizations based locally and abroad or their affiliates for their funding (Teferra and Altbach 2004, p. 33). Unfortunately, the financial challenges that they experience is an indication that this source of funding is no longer sufficient. This statement is supported by a study done by Overseas Council International that indicated that: compared to 2011, donations especially from foreign sources have decreased by a whopping 40 percent, a situation that has created financial crises in most institutions. For instance, the departure of unpaid missionary faculty and staff to their home countries not only left a gap of finances that were needed to pay the African staff who replaced them but more so the fact that this meant the end of financial support to the institution if a prior relationship between the African leadership and the donor (foundation, church, trust and individuals) did not exist (Bellon 2017, p. 43).

The universities need to seek to develop and sustain more partners or external funding both for research and the teaching-learning process like curriculum development, teaching and internships (Kilonzo 2011, p. 11; Brown 2005, p. 39). However, with donor funding reducing, Smith recommends that with increasing uncertainty in the higher education sector and absence of significant capital grant funding, institutions need to generate significant surpluses and cash to fund the necessary capital funding as well as maintain reserves at a level that enables them

to trade through difficult periods (Smith 2006, p. 7). This issue of institutions being involved in raising funds is supported by Bellon but unfortunately, his observation is that the theological institutions struggle to raise money because they do not have strong, well-established fundraising and marketing offices yet they are expected to raise 65-75 percent of the entire budget. He therefore recommends the establishment of effective institution-based department dedicated to facilitating fundraising (Bellon 2017, pp. 46, 59).

There is need to establish endowment funds with partners who are tasked with the responsibility of raising money for the capital, endowment and operational needs of the university. Murapa has also recommended the corporate sponsorship or foundations as an important aspect in the life of a private university that can be used to source for funds for scholarships, staff development and program support (Brown 2005, pp. 55,57). Establishing an organized strong alumni association committed to supporting the institution and creating public awareness in their spheres of influence would be another avenue of generating finances (Bellon 2017, p. 63). According to Brown alumni are an emerging funding source with great potential for revenue diversification (Brown 2005, p. 38).

Internal Funding Strategies

To plan for all the needed facilities, personnel, support services and program developments, universities will need to expand their revenue base to ensure adequate funding. In this regard, it is worth noting that theological institutions have depended on tuition and donations as important revenue streams but since they are still below financial levels needed to remain viable, a third stream of revenue is needed to raise more funds in addition to the two streams (Bellon 2017, p. 146). Universities should also think not only of projects that are generating income for the operations but also for sustainability. This is supported by Mutula who also recommends that universities should put in place income generating measures that will raise money which in turn is ploughed back to improve the learning environment at the universities (Mutula 2002, p. 119).

There is need to encourage universities to establish entrepreneurship initiatives and activities unique to their situations. For instance, agricultural projects, developing of property or building rental facilities for offices, housing, guest houses, leasing out facilities or enhanced private sector investment (Bellon 2017, pp. 62,161, Kilonzo 2011, p. 10). Collaborative research projects and publishing is another income generating strategy, as it attracts research grants. The global world is largely being shaped by knowledge and information but unfortunately the state of research in Africa is in a critical condition hence there is great need for establishing a strong research infrastructure (Teferra and Altbach 2004, pp. 38). This can be done by doing proposals and encouraging individuals and organizations to participate in conducting contracted research or selling faculty expertise as consultancy services to the industry and public sector (Brown 2005, pp. 39, 57).

Program development, review and diversification

Program development, review and diversification is a major strategy that enhances the growth of the institution, since it leads to more probability of having more students if there are variety of programs to choose from. This is supported by Bellon who states, “Program management ensures whether an institution stays open or closes” (2017, p. 45). As the university diversifies and introduces new programs, it is important to take note of the advice of Murapa of reviewing the status of existing programs in light of their cost and benefits of growth which may lead to reduction in size of the departments to redirect resources to departments experiencing growth (Brown 2005, p. 54).

Oketch states that the government should encourage private universities to provide new models and approaches to the delivery of higher education, ensuring cost effectiveness and an experimental approach (Oketch 2003, p. 36). This is supported by Lejeune who recommends the maximization of IT and distance learning education as a powerful tool which cannot be ignored by any tertiary institution that plans to grow and develop. This is therefore the way forward for education as it enhances availability, affordability and accessibility of quality education to students scattered all over the world and hence save the universities from expanding their infrastructure (Brown 2005, p. 45).

METHODOLOGY

This paper explored the strategies adopted by selected private universities in Kenya to improve their financial sustainability. Qualitative grounded theory design was used for collecting, analyzing, interpreting and reporting data because of the nature of the research problem which was explorative (Strauss & Corbin 1998, p. 11). According to Mugenda, the qualitative method collects data and explains a phenomena more deeply and exhaustively (Mugenda & Mugenda 2003, p. 197). In this regard, grounded theory enabled generation of rich, detailed and valid data that contributed to in-depth understanding of the context.

The respondents of this study were purposefully chosen from four institutions in Kenya that were founded as theological colleges and were chartered as private universities at the time of the study. In-depth, open-ended face to face interviews were used as the data collection tools since they were deemed to be the most effective in the process of eliciting views and opinions from the participants (Creswell, 2003, p. 188). Information was digitally recorded and transcribed with the permission of the respondents. Data coding and analysis took place after all the interviews were completed (Punch, 2005, p. 175; Wright, 2010, p. 61; Gillham, 2000, pp. 3-6, pp. 46-50; Oppenheim, 2003, pp. 108-113). The data collected was organized and analyzed qualitatively through use of codes and formation of categories and eventually it developed broader and tentative themes and patterns that brought meaning out of the information collected (Creswell, 2003, pp. 190-193; Mugenda & Mugenda, 2003, p. 203).

DISCUSSION OF MAJOR FINDINGS

This section provides a discussion of the major findings derived from the study on the strategies put in place by the selected private universities in Kenya. The research question that guided this study was: What are the strategies put in place by the selected private universities to address the issues of financial sustainability? To answer this research question, this study explored three major strategies adopted by the selected private universities to address the issue of financial sustainability as identified from related literature review. These strategies include students' recruitment strategies, funding strategies and program development, review and diversification.

Students Recruitment Strategies

From the analysis, the strategies were classified as internal and external strategies. The internal strategies included: customer care and faculty, staff and students involvement; while external strategies included: digital marketing, print media, electronic media, traditional methods and partnerships. It is worth noting that though the preference of the strategy would have been guided by its ability to recruit students in large numbers, budget allocations and availability of staff and logistical factors like transport determined the choice of strategy used.

Regarding effectiveness of the strategies, all respondents said that they obtained feedback from the students during admission process that helped them know which strategy was effective in as far as recruiting students was concerned. From the responses that were provided, all the strategies were found to be effective since they served different purposes. However, the researcher used the descriptions that were given and their usage across all the universities to put the strategies into two categories: category A includes referral mainly by students, staff and faculty, digital marketing and partnerships. They are strategies that are used continuously throughout the year and are more affordable hence they are used by all the universities studied though in different magnitude. Category B includes Print media, traditional methods and Electronic media. These are strategies that are used periodically, they have major limitations like the cost therefore they are not used by all the universities studied.

Referral (internal marketing) was rated the highest by all the respondents interviewed in regard to its effectiveness in recruitment of students. All the respondents interviewed were of the opinion that internal customer care was very important in recruiting students hence cannot be avoided. The universities encourage excellent customer service focusing on human aspect to make sure that the students and the staff are happy and the systems are effective; hence, they become brand ambassadors. According study findings, the author attributes a lot of growth in students' numbers, in some universities, to good customer care of the staff and students. This was attributed to good internal customer care and satisfaction of the services offered for the internal customers (students and staff). For instance, using the enquiry forms given during admission, one of the respondents said that 50 – 60 percent of new students came through referrals from current students and staff, hence, the departments have tried to emphasize good customer care service. Since it is clear that the best marketers and immediate customers are students and staff, universities should ensure that they are satisfied. Through this the staff and

students are able to spread the word and invite more students hence it is a ready market that needs to be fully utilized in order to grow students' numbers.

For the referral method to be successful, different universities were using different strategies. Therefore, to achieve customer care and satisfaction, in the selected universities, two interviewees revealed that the universities hold internal meetings with staff and students to discuss service delivery so as to ensure not only recruitment of students but also ensure retention of students. The other reason was to ensure that students who complete one program are motivated to upgrade to the next program in the same university.

One of the selected universities also brands their customers to make them own the institution by providing corporate shirts for their staff. In addition, the new students were given a t-shirt, four exercise books, two pens and a gift bag that are all branded with the name logo of the university. These branded items are from a marketing budget. The branded items not only make their customers own the institution but also the items serve as publicity tools. Moreover, the university had an open door policy and students are able to raise their concerns at any time for follow up. In addition, they ensure that every student must evaluate all the lecturers before they sit for their exams to find out if students were taught to their satisfaction. Then after that, they sit down and analyse the report hence knowing the level of student's satisfaction. In addition to the customer care, the universities were also very concerned with their internal and external image. So the branding of the university is key aspect of marketing for both the internal and external clients.

Faculty and Staff Involvement in Marketing

Faculty and staff were involved in marketing directly or indirectly either by connecting the marketing team to their churches or other groups whenever they had events or went out with publicity materials to share whenever they attended conferences and other events.

Two of the selected universities indicated that they had visibility and marketing committee composed of faculty, staff and students' representatives chaired by the VC that discussed and approved the various strategies presented by the marketing department. The committee also looks into emerging issues in terms of marketing and driving the marketing strategies.

In one of the universities, it was noted that a regular product knowledge training was conducted to ensure that the university rallies as many faculty and staff behind marketing because without marketing, the survival of the university would be at risk.

Students' involvements in Marketing

All the sampled universities used students to do marketing but had different strategies and levels of involvement. For instance, in one of the universities it was mentioned that they simply encouraged students in their respective departments to bring their friends while another university it was observed that they had a motivation package for students who brought new students.

Two universities indicated that they had trained some students who they included in their marketing activities so as to give support to staff members. When the department go out with students, they are good brand ambassadors of the institution. These universities also have a work study program that gave opportunity to students who were not able to pay their fees, but were good in class, to work and then in return be supported with the budget of the respective departments.

Additionally, it was found out that universities focused on using their international students to reach out to their countries and to have key contacts of various embassies so that they could advise anyone looking for a university to pursue their studies.

External Students' Recruitment Strategies

The external recruitment strategies adopted by the selected private universities in Kenya included: digital marketing, print media, electronic media, traditional methods and partnerships. Though the universities were using similar strategies, the approach and magnitude differed. The external strategies were classified into five categorical sections as follows:

Out of all the external strategies, digital marketing was rated the best in recruiting students hence classified as category A. Some of the commonly used social media platforms identified were: Facebook, Twitter, website, online, YouTube, mobile phone, blogging and Google. Digital media was found to be most effective because it is fast, cost-effective and popular especially with the young people. It is the current trend of communication and reportedly did both the publicity and actual recruitment of students. All the marketing departments respondents reported that they were using digital marketing. However, the investment in terms of funds, number of staff actively involved and variety of social media used differed from university to university. For instance, university number Four had several staff engaged in social media unlike other universities that had one staff doing all the recruitment strategies. University number Two has also gone an extra mile to employ the second staff in the marketing department to manage digital marketing and the university website with the focus given to publicity and recruitment. Though, in addition to this special assignment, the staff is also required to manage public relations and compliment the other staff in other marketing strategies.

Partnerships such as alumni, churches and other organizations was also classified as category A strategies. In general all the organizations stated that they have partnered with various churches or have MOU with various organizations which they use as the platforms to create awareness about their existence and to recruit students. The effectiveness of this strategy was as a result of the fact that the studied universities had affiliation with churches due to the fact that they were founded as theological colleges. Therefore, there was goodwill in terms of getting opportunities to market their institutions in churches and schools they are affiliated to mainly without having to pay for the use of the church or school facilities.

Out of the three partnerships, church was the commonly used by all the four universities since they are all affiliated to different churches. Three out of the four universities had various kinds

of partnerships either with organizations that work closely with high schools like Kenya Students Christian Fellowship (KSCF) or other international organizations that work closely with students. Alumni was the least utilized in this category since only one university had recently established alumni association office that is aimed to give focus to alumni relations with the hope of involving them to raise funds and recruit students.

The researcher categorized all other external students' recruitment strategies (Print, electronic and Traditional methods) as category B because they are used periodically and they do not cut across all the universities studied. They also have major limitations like the cost hence the universities were either decreasing their usages or not using some of the strategies.

Print media, which includes: publications, brochures, magazines, newspaper adverts, posters, fliers, signage and handbills was classified as category B. These strategies take care of people who are not in social media yet they participate in choosing universities for themselves or their relatives. It also compliments all the other methods since people need to be given materials to read or refer to the information communicated using all other methods. Generally, all universities had invested greatly on print media, mainly on fliers and brochures. Though the strategy is cumbersome in terms of logistics since several people have to travel with the needed materials, it was found to be affordable for most of the studied universities hence it is a commonly used strategy.

The newspaper was said to be popular in the past years but two respondents said that their universities had reduced its usage because it is not currently effective considering it is a heavy investment and the target group for the universities are not very keen on the newspapers. Two other respondents were keen in using the newspapers but they were limited by finances since newspaper adverts were said to be expensive.

Electronic media was also classified as category B strategy. This mainly includes Radio and Television whose aim is to create mass awareness or visibility and facilitate a wider reach of the target market. The respondents said that it is very difficult to recruit for their institutions if they are not known by the target groups. Therefore, all the universities were making efforts to use the television but two universities have recently not been able to afford. The other two universities said that they had reduced the usage of this strategy because of its cost but have purposed to retain it for the sake of mass publicity due to the stiff competition for the available qualified students. Radio was found to be more affordable and different universities were using different national and local radio stations which were mainly Christian based.

Traditional methods that include face to face talks, church and institutions fair, exhibitions, open show and road shows strategies were still being used to compliment other strategies. There are also people who still believe in the word of mouth, which was deemed the most effective method as it is more influential. However, respondents felt that these methods were complex and cumbersome compared to others. Some like exhibitions or road shows were said to be expensive while others like church visits were found to be manageable especially where there is a good relationship between the university and the church, which was the case with most of the universities under study.

The respondents were further asked to rate the overall effectiveness of the strategies in each category in relation to the number of students recruited from each strategy. In general, the respondents stated that most of the strategies were effective in increasing students' enrolment since they all target different categories of people. However, most of the respondents felt that there is more that could be done to explore many strategies that are current and more effective for both publicity and recruitment but the main determining factor was the budget allocation which was said to be insufficient by all the respondents in marketing departments in all the universities.

From the findings, it was evident that the more the investment in terms of numbers of staff and budget allocations that enabled usage of various strategies, the more the numbers of students recruited. For instance, it is worth noting that university number Two and Four which used the combination of all the strategies especially those in category A had more students recruited. These two universities had the greatest numbers of students in 2016-2017 academic year as shown in table One below where university number Two had enrolment of 3,379 while university number Four had 5,896 students. University number One had 600 students and university 3 had 680 students.

Internal and external funding strategies

A key objective of this section is to investigate the strategies put in place by the selected private universities to address the issues of financial sustainability. In particular, the respondents were asked to indicate the financial strategies their organizations had adopted in order to enhance financial sustainability. From the analysis, several strategies were common among all the respondents. The respondents from finance department from all universities were asked to send the budget for the previous year (2016-17) to triangulate the information that had been received during the interviews. The Budget below therefore is an indication of the strategies used (income streams) and the percentages of the income received.

Table 1: Income Streams (Percentages) 2016-2017 Academic Year

	Income Streams	Univ 1	Univ. 2	Univ 3	Univ 4	Average
	Total Students Numbers	600 students	3,379 students	680 students	5896 students	
1.	Student fees	75%	68%	70%	95%	77 %
2.	Income Generating initiatives	8%	15%	2%	2%	6.75 %
3.	Short courses, Partnerships and Consultancies	2.5%	0	10%	1%	3.38 %
4.	Donations from donor / Founders (Not tuition)	7%	4%	1%	Nil	3 %
5.	Tuition Scholarship (Donations)	5%	3%	2%	1%	2.75 %
6.	Research Proposals and Grants	0.5%	2%	1%	Nil	0.88 %
7.	Alumni Support	0.5%	0	Nil	Nil	0.13 %
8.	Others	1.5%	8%	14%	1%	6.13 %
		100%	100%	100%	100%	100 %

The income table gives the analysis of the main source of income received by the universities. The income streams are listed in order of the average amount of income contributed from all

the studied universities. Students' fees was the highest contributor with an average of 77 %, followed by the rest from the highest to the lowest as follows: Income Generating initiatives 6.75 %; Short courses, Partnerships and Consultancies 3.38 %; Donations from donor / Founders 3 %; Tuition Scholarship 2.75 %; Research Proposals and Grants 0.88 %; Alumni Support 0.13 % and other incomes contributed 6.13 %.

The above breakdown would be summarized into three categories of income as described by Bellon (2017) and Brown 2005 as follows:

First income stream which is mainly from tuition fees and formed average percentage of 77% of the total budget; the second income streams that included all donations and alumni support formed average percentage of 6 % of the total budget; the third income stream formed average percentage of 11% of the total budget; other income formed 6% of the income.

Tuition Fee

The institutions studied in this paper showed that they mainly rely on tuition fee as the primary financial strategy that covered their daily operations and hence they were tuition driven. This is noted by respondents who made the following different statements: "The students' fees is the main stream of revenue" (respondent 2b); "our main revenue is mainly from school fees" (respondent 1b); "our university is tuition driven with around 95% income coming from students fees" (respondent 4b) and the final respondents said: "this being an education institution, student fees is the main source of revenue" (respondent 3b). These statements were confirmed by the figures obtained from the reports received from the studied universities. Table 1 indicates their revenue contributed an average of 77% of the total income.

Income Generating Projects

It was also noted that majority of the universities under study had come up with various means of generating more revenue. This was confirmed by respondent 2b who said, "The University this year launched a 5 year strategic plan from 2018-2022 and one of the pillars that has come up strongly is the focus on generating alternative streams of revenue". Another respondent confirmed the focus being given to the income generating initiatives by pointing out that the university was in the process of establishing a legal company to manage businesses.

Overall, from table 1, income generating initiatives were rated as the 2nd other strategy that was generating revenue in all the studied universities. Out of the whole operational budget, two universities had 2% income while the other universities had 8% and 15% respectively. This formed an average of 6.75% of the total income. Different universities had different income generating initiatives that generated the various income.

Short courses, Partnership & Consultancies

Raising funds using short courses approach, partnerships and consultancies was rated overall as the 3rd out of the 8 strategies used to raise funds for the studied universities. From table 1 finance records, one of the universities had no income from this strategy while the others had

1% followed by 2.5% and the one with greatest income was 10% of the operational budget. This formed an average of 3.38% of the total income.

Non-Tuition Donations

Since the studied universities were founded by overseas missionaries, overseas donor funding was one of the strategy used to bring income to the institutions. Overall, this strategy rated 4 out of the 8 strategies used to generate funds for the universities. However, the respondents said that this strategy has not been very successful in the recent past compared to the funds they used to receive before. There has been significant decline in the amount of funds that the universities receive from donors. As a result, the organizations have to rely on tuition fee to finance their budget.

From table 1 on finance records, there is evidence that this strategy is not bringing much income to the universities. For instance, university number Four received no donation at all while university number Three received 1% of their budget. University number 1 and 2 received 7% and 4% of their operational budgets respectively. These figures translated to an average of 3% of the total income.

Tuition scholarship

Scholarship for tuition was another category of the income received. Overall it rated as the 5th out of 8 strategies used to generate income for the studied universities as shown in table 1. The percentage of funds received out of the whole budget ranged from 1% to 2% then 3%, with the university that received highest amount of scholarships covering 5% of the budget. These figures translated to an average of 2.75% of the total income.

Research Funded Proposals and Grants

Research proposals and grants is a key strategy that when used well would bring income to the universities. For instance, a respondent of university number One said that several of their infrastructure like the library and academic building was as a result of proposals written by the VC (responded number1b) yet from table 1 of finance records, it is evident that other universities were not receiving much funds from this strategy. Overall, it was rated as 6th out of the 8 strategies used to bring income to the universities. One university had not received any research grants, while the others had received 0.5%, 1% and 2% of their total income out of the whole operational budget. These figures formed an average of 0.88% of the total income.

Alumni Support

The alumni association is a strategy that would bring funds to the university if well managed but from table 1 on finance records, it was not bringing much funds to the university. Overall, this strategy was rated 7th out of the 8 strategies that were used to raise funds for the university. This is mainly because out of the four studied universities, only one university had received 0.5% of income while others received no funding at all from the alumni. Two of the respondents said that they had alumni groups that helped in marketing (respondent 3b) and students'

activities (respondent 2b) but not so much on bringing income. Another one said, “We have an alumni association which mobilized the alumni towards the purchase of a photocopier machine which generate few coins” (respondent 1b).

Resource Mobilization - Local Funding

The respondents were asked to explain the resource mobilization funding initiatives that were being done to raise funds locally. The following was feedback obtained from the various universities: Two of the respondents said that they did not have resource mobilization offices (respondent 3b), the VC is the one who fund-raised for the university (respondent 1b); while another one said, “We don’t have local partners who assist financially including the owners of the institution” (respondent 4b).

Respondent 2b said in their new strategic plan, resource mobilization was one of the key pillars that the university was focusing on to help them be financially sustained. To actualize this, they had established a resource mobilization center with a director who was employed this year (year of the study 2018) to facilitate resource mobilization strategies like fund-raising. Similarly, respondent 4b stated that they have recently established a resource mobilization office with a director and staff who report directly to the VC. This office was expected to boost the financial position of the university. All the respondents said that they did not have local partners who give financial support to their universities. There is therefore need to take the advice of Brown who explained the need to establish endowment funds with partners for the capital and operational needs of the university. She also recommended establishment of a strong alumni association as another avenue for generating funds (Brown 2005, 55, 38).

Research proposal and grants were rated as the 6th out of the 8 strategies with average income of 0.88 of the total budget. The study showed that faculty were being sensitized to get involved in research. Currently, the university activities are often driven by its sources of funding which mainly are fee-paying students and its external research funders and therefore the need to establish relationships with corporate bodies and government bodies willing to pay for sustainable-focused research. To do this, there is need to have personnel who connect with the society as a driver and as a contact to the external stakeholders (Ferrer-Balas et al. 2008, 298). However, the findings of this study showed that two universities had recently established research departments while research matters in other two universities were under the academic affairs office, therefore universities need to move with speed and get this department functional with staff to manage all research related matters as per this recommendation. Kilonzo also stated the need to develop and sustain more partners or external funding both for research and the teaching-learning process like curriculum development, teaching and internships (Kilonzo 2011, 11).

The finance directors that were interviewed stated that funding the university budgets was a challenge hence their focus is usually prioritizing different needs since the funds are never enough and none of the university has managed to have endowment funds. Therefore, if these selected universities continue to operate with inadequate funding as explained in this study, then they will not be able to sustain themselves with the resources they are currently receiving

from the various income streams as outlined on table. This is confirmed by the findings that showed that the universities are currently experiencing some (4 out of 7) implications of inadequate funding that were stated by CUE (2016, p. 96) as follows:

1. Stagnation or lack of growth in the sector as many universities will be unable to expand their resources such as infrastructure and staffing to support their activities.
2. The development of only attractive programs that attract more students. This will lead to skewed development of programs in universities ignoring the development of the more expensive programs especially in Science Technology Engineering and Mathematics (STEM) which are key to the country's sustainable development agenda anchored in the Kenya vision 2030.
3. Limit creativity and innovations in the country due to inadequate funding for undertaking research that would inform policy.
4. Unethical competition for students by universities in an attempt to finance the deficit. This will most likely lead to mounting of unnecessary programs that produces graduates with irrelevant skills for the market.

To remedy this trend therefore, there is need for these universities to adhere to the recommendations in order to expand their revenue base from relying mainly on tuition (first stream of revenue) and donor fund (second stream of revenue) that is decreasing to third stream of revenue which has to do with establishing various income generating initiatives that are generating income for the operations but also for sustainability as discussed in this study (Brown 2005, Kilonzo 2011, Mutula 2002, Bellon 2017).

Academic Strategies: University Programs Development, Review and Diversification

The table 2 below contains the number of programs developed, reviewed, on Odel Partial and full ODEL programs for a period of around five years. This will be useful in understanding the progress the universities were making regarding academic strategy that is aimed at enhancing financial sustainability.

Table 2: Summary of all university status: programs development, review and diversification:

Types of Programs	Status of the Programs	Before Yr 2014	Year 2014	Year 2015	Year 2016	Year 2017	Total No Current Programs
University 1	Developed	Appx 10	5	5	5	5	30
	Reviewed	0	0	0	0	0	0
	ODEL Partial	0	0	0	0	0	None
	ODEL Full program	0	0	0	0	0	None
University 2	Developed	7	6	7	4	2	26
	Reviewed	2	0	0	2	0	4
	ODEL Partial	1	0	3	0	3	7
	ODEL Full program	0	0	0	0	1	1
University 3	Developed	4	11	0	0	0	15
	Reviewed	3	1	0	0	0	4
	ODEL Partial	0	0	0	0	0	0
	ODEL Full program	0	0	0	0	0	0
University 4	Developed	25	10	1	1	5	42
	Reviewed	0	0	0	0	0	0
	ODEL Partial	3	0	0	2	0	5
	ODEL Full program	0	0	0	0	0	0
Totals Of all Programs	Developed	46	32	13	10	12	113
	Reviewed	5	1	0	2	0	8
	ODEL Partial	4	0	3	2	3	12
	ODEL Full program	0	0	0	0	1	1
		45	28	11	9	41	134

Developing of new programs was seen as a way of enhancing financial sustainability because with many programs, students will keep on coming, and as they pay their fees, the university is able to raise income since school fees provides the greatest income to the institution.

Based on the findings, majority of the universities had embarked not only in increasing the programs developed but also in developing programs aimed at meeting the market demand. The new programs were developed after thorough research on what is needed in the growing

market, feedback from the students as well after bench-marking with other institutions. As such, the new programs are in line with the emerging trends in the market.

Developing new programs was seen as a way of growing students' numbers hence from the analysis many programs had been developed in the last four years from a total of 46 programs before 2014 to a total of 113 programs by 2017. This means 67 other programs were developed within a period of 4 years. Before 2014, there were a total of 46 programs developed in all the studied universities. This was followed by a total of 32 programs in 2014; 13 programs in 2015, 10 programs in 2016 and 12 programs in 2017.

The analysis also showed that the pattern of program development was different in each university. For instance, only one university had developed programs consistently though in a decreasing manner, while the others had a complete drop of programs developed in 2015-17 compared to the numbers developed in 2014. For instance, one university had developed 4 programs before 2014, then 11 programs were developed in 2014 and no more programs had been developed since 2014.

The drop of the trend of program development indicates a possibility of either internal or external challenges that might have affected the universities since the desire and efforts to develop program was evident during the interviews. Some of the respondents that were engaged raised the challenge of having unviable class sizes. For instance, one of the respondent from university number One said that they had stopped developing more programs since the new programs had not attracted enough students. This led to a recommendation by two respondents from university number Two and Four who explained the need for universities to note that more programs with decreasing students numbers means having unviable class sizes therefore there was a caution to consider the finance aspect when planning to develop programs. This challenge of unviable class sizes therefore, might have affected the rate of developing programs.

There is also a possibility that the Commission for University Education regulations that were published in 2014 might have affected the program development due to the fact that the requirements for program approval had major financial implications such as: payment for the approval, need for highly qualified program leader, sufficient human resource and infrastructure that needs to be in place even before the program starts generating income (CUE 2014, 62-63). This calls for dialogue between the policy makers (CUE) and the practitioners (university leadership) so as to ensure that developed polices have positive impact on the growth of university education.

Reviewing of the Existing Programs

Program review or evaluation has to do with the process of establishing the relevance and marketability of programs in response to the changing societal dynamics. The universities confirmed that the program reviews are done out of a demand from the market or as a routine process done every 5 years as required by the commission.

In addition to review of the programs, the universities also check the performance of the program in terms of its viability. It is worth noting that most respondents said the review of programs was an ongoing process and that they were currently involved in the review. However, the records received from the various universities showed that no much reviews had been done in the last four years as follows: Both university number Two and Three had reviewed 4 programs each, while university number One and Four had not reviewed any of their programs all through.

Since there were 46 programs developed before 2014, it would be expected many such programs had expired hence more programs should have been reviewed by 2017; however this was not the case. This therefore implies that the challenge of understaffing and constrains of time by the faculty that was identified as the main challenge that the academic deans were battling with contributed to this challenge of being unable to review the programs as expected. For instance, one dean from university number Three said that they started reviewing a bachelor program sometime back, the process was complete in 2016 but he has not submitted the program to CUE since he was still struggling to create time to finish few corrections. The challenge was that he does not have program leaders of the various programs hence he provides leadership to all the programs in his school.

Since all the universities seemed to be well informed of the CUE regulations to review programs every five years and they seemed to be keen to adhere to the requirements, there is also a possibility that the programs were not being reviewed as expected because of payments of program review by CUE that was said to be high by some respondents who wished that CUE would give some considerations to the growing universities. Therefore, there is need to address the financial challenge in these universities so that the schools can have sufficient funds to function well as well as to employ adequate and qualified faculty members to do the program reviews and other duties without impediments.

Diversification of Programs

This section explores the strategies being used by various universities to expand their programs and provide more flexible modes of offering education with inclination to ODEL, mainly e-learning approach. This in turn was seen to be the path to take to be able to attract many kinds of students especially those who are not able to study using the traditional face to face day class model.

The findings of table 7 showed that two of the universities had embraced e-learning with a total of 12 programs being partially online (blended with face to face teaching), while one university had one program offered fully on on-line platform. However, two other universities had no on-line programs and they expressed the desire to grow towards this approach once they overcome the financial challenge that was a great hindrance towards building the needed infrastructure and employment of qualified staff to support the on-line programs.

The literature reviewed supported great use of e-learning as it enhances availability, cost effectiveness and accessibility of quality education to students scattered all over the world

without putting undue strain on the existing physical facilities (Mutula 2002, p. 118, Oketch 2003, p. 36, Brown 2005, pp. 54-55). Since the universities that were using e-learning found it effective in offering flexible education to various kinds of students, this study therefore supports the recommendation of Brown that states that IT is a very powerful tool and no one can afford to ignore it in the field of tertiary education for development (Brown 2005, p. 45).

The universities need to take the recommendation of Smith to improve the student experience and student outcomes, enhance the quality of teaching and resources, introduce digital technology and new teaching and learning methodologies (Smith 2006, p7). This approach will make the universities remain current as they prepare students who can engage with technology across the world. The respondents found e-learning also relevant in building students numbers especially among the post graduate students who are not able to afford time to do regular classes amidst their full-time employment and other responsibilities.

Financial Sustainability System Based on Grounded Theory

From the findings of this study, grounded theory was generated that states:

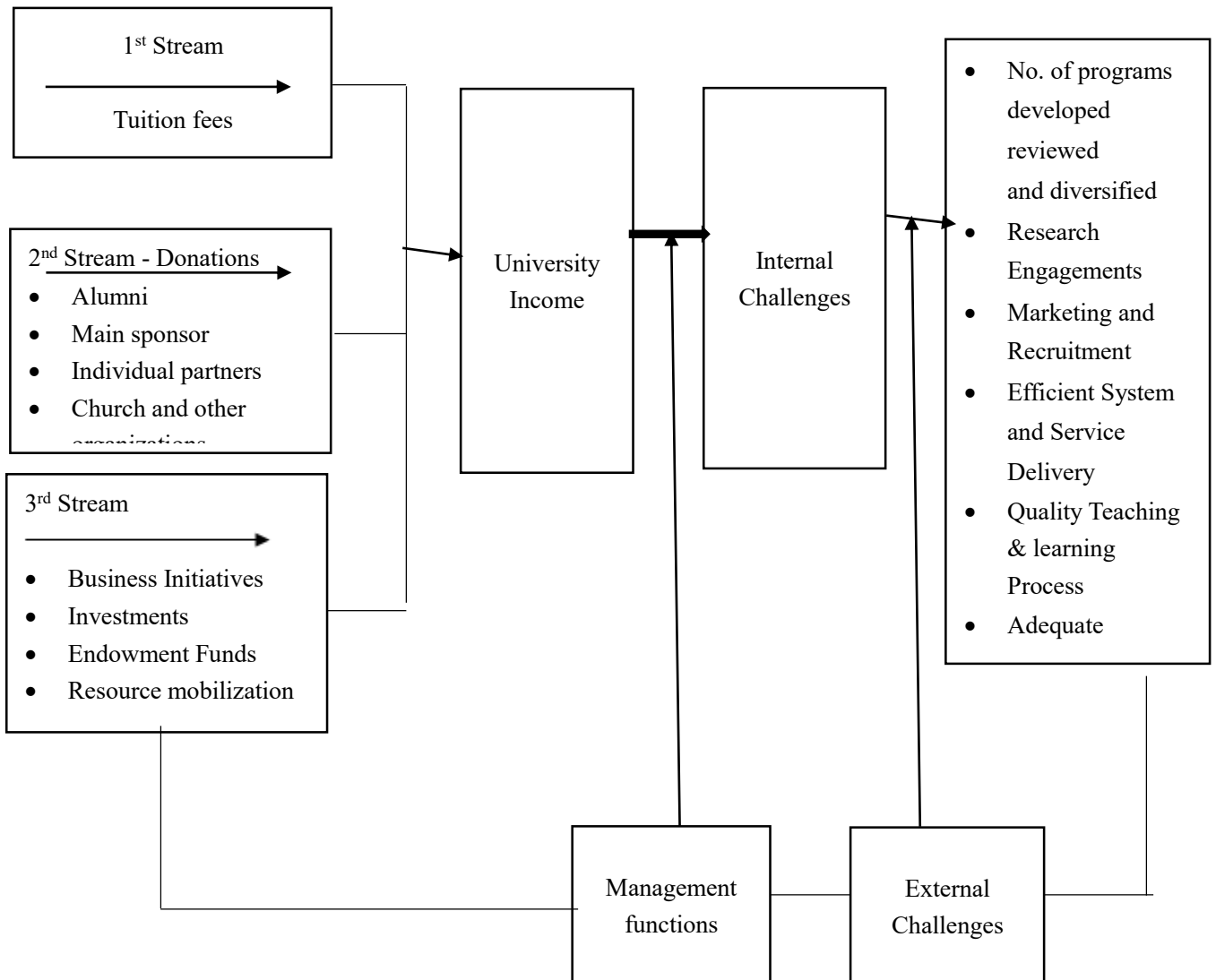
The financial sustainability of the selected private universities is determined by the types of strategies (input activities) used to generate adequate income that helps overcome the internal challenges in the system which are a major impediment to implementation of output activities that would lead to establishment of a financial sustainable university. In addition to having the right strategies in place proper management of the resources and implementation of output activities is needed to determine the level of success (financial sustainability).

The assumptions here is that the input activities will generate the adequate income that will alleviate the challenges in the system for the proper implementation of output activities which is possible if the processes are efficient. The input activities were first, second and third stream of revenue that was found to be key in providing the needed resources while the output is the activities that are produced to enhance financial sustainability of the system. These output activities includes number of programs developed, reviewed and diversified; quality of teaching-learning process; efficient system and service delivery; adequate infrastructure; Research engagements; income generating initiatives; marketing and recruitment strategies. This study did not focus on the processes which is the management functions so they were treated as intervening variables. The external challenges are out of control of the university since they are factors associated with the government hence they too were treated as intervening variables which affect the university sustainability positively or negatively depending on how they are handled. The feedback of the financial sustainability of a university were be based on the level of achievement output activities.

The findings of this study showed that different universities were engaging different strategies without much success in terms of income generated and students' numbers. This was attributed to the many internal and external challenges in the system and the implementation process. Therefore, the proposed financial sustainability system emphasis is both on the strategies that

need to be developed, reviewed and diversified (DRD) to overcome the challenges encountered in the system as well as on the sequence of how the implementation process should be done to be able to enhance the financial sustainability of the selected universities.

Figure 1: Financial Sustainability System



CONCLUSION

The findings of this paper indicated that generally, the selected universities were informed of the kind of strategies that would lead to a financial sustainable university. It was evident that a lot of efforts were being made to pursue different initiatives of recruiting students, raising funds internally and externally as well as developing, reviewing and diversifying programs. Different strategies were explored based on the recommendations given by scholars and researchers to explore diverse and blended strategies (Supplee 2016; Amponsah and Onuoha 2013; Ferrer-

Balas et. al. 2008; Wright 2010; UNESCO; Brown 2005). This paper found this approach of exploring diverse and blended strategies useful because different methods were found to be suitable for different purposes or target groups and none of the methods seemed to perform on its own without some complementation by other strategies to yield better results.

This paper shows that though the strategies adopted were found to be relevant in terms of ability to establish financial sustainable universities, these strategies were not yielding the needed output in terms of recruiting sufficient students numbers that would cause the university to break even. Streams of income used were not raising adequate funds and program development, review and diversification was not being done as per the expectation of the schools and the Commission for University Education.

According to this paper, the strategies were not yielding the expected output mainly because of two reasons:

First, this was due to the many internal and external challenges that were a great hindrance hence, they affected the productivity of those involved in implementing the strategies. Secondly, the implementation process focused on the output activities like developing programs, faculty involvement in research, marketing strategies, among others and identified output without addressing the challenges that were being encountered in implementing the strategies.

In general, compared to other successful private universities discussed in this paper, it is evident that the selected universities will need to either develop more strategies that are not yet in place, or review their status or diversify their strategies as shown in the DRD (Develop, Review and Diversify) proposed financial sustainability system, if they are to achieve financial sustainability.

In addition, the study recommends the need to address the challenges being encountered in implementing the strategies as well as revising the sequence of implementation process which is of paramount importance towards the achievement of a sustainable university. Therefore, this paper proposes a paradigm shift from pursuing the output initiatives of the system and focus on input strategies that focus on generation of income. This will in turn alleviate the challenges in the system leading to high productivity of the system in terms of the output (financial sustainability).

RECOMMENDATIONS

Following the findings and conclusions made in this paper, the following recommendations were made to enhance the financial sustainability of the selected universities.

- 1) Following the proposed sustainability system that is based on grounded theory, this study recommends the need to prioritize income generating strategies (input activities) that will generate adequate income to overcome the challenges in the system that are a major

impediment to implementation of activities (output) that would lead to establishment of a financial sustainable university.

- 2) Since the main purpose of a university is to offer education, then the universities will need to develop the 1st stream revenue as the main source of income which is received from students' fees. This is achieved by increasing students' enrolment especially the self-sponsored students who pay full tuition fees. To achieve this goal, universities need to recognize that public relations and marketing is the driving force of any institution and any forward-looking university that needs to thrive amidst the great competition needs to revamp the department in the following ways:
 - a. Employing adequate numbers of passionate staff with different qualifications and who are strategically positioned to engage with changing dynamics in the internal and external market.
 - b. Establishing proper financial investments for the department to be able to utilize all the visibility and marketing strategies since they all play different roles. Focus should be made to both the mass communication strategies that create visibility of the university as well as all other recruitment strategies based on the various target groups and trends in the market. While the emphasis from this study is on engaging variety of students recruitment strategies, recommendation is made to have focus on the category A strategies (referral, digital marketing and partnerships) that were found to be cost effective and the most effective in recruiting students.
 - c. The need to offer support and facilitation to the marketing department is a swift and flexible mode to ensure efficiency of their performance and the needed motivation.
- 3) This paper shows that students' recruitment strategies alone are not adequate to raise enough income to sustain operations. In addition, this paper agrees with other researchers that universities by nature of their operations, they are high-cost organizations to maintain. Therefore, to be able to provide quality teaching-learning process, engage in research and community participation which are the mandate of the university education amidst the quest to sustain the unique missions of these selected universities more funds in addition to the tuition fees will be needed; hence this study recommends the need to review the 2nd stream revenue as follows:
 - a. Revive and restore any relationship with the donors that have existed over the years with the hope of re-thinking new partnership approaches.
 - b. Intentionally engage overseas as well as local partnerships with churches and other organizations who can commit themselves to regular donation of funds to the university.
 - c. Establish partnerships and funds mobilization department to enhance relations with individuals and groups with the aim of recruiting regular donors to the university, pursuing fundraising initiatives for projects and to oversee development of proposals for funding. The focus should be on church, alumni relations and other organizations.

- 4) In addition to the 1st and 2nd stream revenue, the findings from the studies done shown the need to diversify the income generating strategies as a 3rd stream of income. This is mainly because besides managing the operations of the university, there is need of developing modern physical facilities that would attract students but also to remain relevant to the changing dynamics of technology and job market. Therefore, a recommendation was made to have these selected universities expand the current income generating projects (which had average of 7% of the total income) to have a fully-fledged established business units that should be able to explore various income generating projects and do investments on behalf of the university.

RECOMMENDATIONS FOR FURTHER RESEARCH

The issue of financial sustainability among universities is a key and critical aspect in ensuring the growth and sustainability of institutions. Therefore, in addition to the findings of this study, further research is also recommended in the following three areas:

First, this study focused on the strategies used (input) to generate the needed income (output). However, the role of management functions (processes) was not the focus of this study yet the findings showed that the second internal challenge affecting the financial sustainability was university leadership and structures. A study on how management functions and structures of a university affect the financial sustainability needs to be studied. Second, a similar study should be carried out in other private universities that were not established as theological colleges as well as in public universities. Third, further studies could be done explore the quantitative approach of the study.

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