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Influence of Horizontal Diversification on Sustainable Organizational Performance of Chartered Private Universities in Kenya

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Abstract

Globalization, unfavorable economic conditions, fierce industry competition and evolving needs of the modern clientele have revolutionalised Higher Education worldwide. Private universities have been forced to rethink their strategies. This study was anchored on diversification strategy, a key component of Ansoff's Matrix. The sustainability of private universities in Kenya is threatened by stiff industry competition. The current study explored horizontal diversification as a key strategy private university may adopt to realize sustainable organizational performance. The study adopted a cross sectional survey design involving the total population of the 21 private universities in Kenya. The study adopted primary data using structured research questionnaires. The data collected was quantitative and were subjected to descriptive and inferential statistics with the help of Statistical Package for Social Sciences (SPSS). The study used Analysis of variance (ANOVA) to establish the relationship between the variables while correlation and regression analyses was used to test hypotheses and the relationships between the variables. The inferential results revealed that there is direct relationship between horizontal diversification and sustainable organizational performance of private universities in Kenya. Further, the study established a statistically significant positive effect of horizontal diversification strategies sustainable organizational performance of private universities in Kenya. The study recommended that the university should offer specialized/professional courses which attracts more students, increase the number of academic programs to increase student numbers, form private partnerships with small/medium scale and corporate firms and the university should have unique innovative programs that promote student attraction.

Keywords: Diversification Strategy, Horizontal Diversification, Sustainable Organizational Performance Chartered Private Universities

Introduction

The landscape of higher education is rapidly evolving, driven by technological advancements, changing demographics, and increasing globalization. Chartered private universities in Kenya, like their counterparts worldwide, are facing significant challenges and opportunities in this dynamic environment (Bigley, 2018). One strategic response to these challenges has been the pursuit of horizontal diversification, which involves expanding the breadth of academic programs and services offered by universities to cater to a wider range of student needs and interests. This approach is not only about offering more programs but also about enhancing the quality and relevance of education to meet the demands of the modern workforce and society (Kurt & Zehir, 2020).

The importance of horizontal diversification on the sustainable organizational performance of chartered private universities in Kenya cannot be overstated. As these institutions play a crucial role in the country's education system and economic development, understanding the factors that contribute to their success is essential (Muigai, 2021). Horizontal diversification is a strategic choice that can potentially enhance a university's competitiveness, financial stability, and ability to fulfill its educational mission. However, it also poses risks and challenges, such as the need for significant investment, the potential for diluting institutional focus, and the management of diverse academic offerings. As the number of private universities grows, institutions are under pressure to differentiate themselves and attract students. Horizontal diversification offers universities the opportunity to expand their program offerings and appeal to a broader range of students. However, the success of such diversification efforts depends on various factors, including market demand, resource allocation, and organizational capacity (Nyaga et al., 2021).

Understanding the impact of horizontal diversification on sustainable organizational performance is also essential for ensuring the long-term viability of private universities. Sustainable performance encompasses not only financial viability but also factors such as academic quality, student satisfaction, and societal impact (Pradeep et al., 2023). By examining how diversification strategies affect these dimensions of organizational performance, this study can help universities make informed decisions about their strategic direction (Platje et al., 2022).

Diminishing finances for higher education is a global phenomenon affecting both developed and developing economies. Reduced funding by international donors threw universities in sub–Saharan Africa into financial crises and led to stiff competition in the university sector (Shariff & Kronenberg, 2018). In this regard practitioners in the academic industry opined that universities should embrace alternative sources of revenue for sustainable performance. Thus, driven by financial stringency universities in developing world have incorporated entrepreneurial approach in their mandate. For instance, Parakhina et al (2017) reported that Harvard and Stanford universities, when confronted by financial short falls, reoriented their strategies to achieve sustainability. In 2010 alone the annual revenues for Harvard University hit $3.7 billion with Stanford University realising $4.1 billion in revenue in the year 2011. Private universities therefore struggle to emulate the world class universities and adopt diversification approach so as to draw realistic, achievable strategic goals capable of driving sustainability.

Declining funding for higher education due to changing priorities is a global phenomenon affecting both developed and developing economies (Sanderson et al., 2017). Serrasqueiro et al (2018) found financial crisis as being among the reasons universities diversify their sources of funding. They further established that financial stability is key for institutions of higher learning to discharge their mandate. Nuevo-Chow (2021) collected data from Chief Financial Officers (CFOs) of USA public and private universities to explore the financial sustainability of Higher Education. The study expressed concerns about the fiscal status of these institutions.

Private universities should provide market relevant programs that address the needs of their clientele through innovation and creativity in order to increase customer loyalty and remain students. Through diversification private universities are able to charge premium prices whenever the customers can find value for services received (Ahmed et al., 2018). This will increase student enrollment and therefore increase market share. The ability to offer unique programs which address particular needs of specific clientele and which are different from those offered by competitors will have positive impact on sustainable performance (Alves et al., 2020).

The significance of this study is multifaceted, benefiting various stakeholders within the higher education ecosystem and beyond. For chartered private universities, this study offers insights into the strategic implications of horizontal diversification, helping universities to make informed decisions about expanding their academic offerings. It provides a roadmap for achieving sustainable performance through diversification, highlighting potential risks and benefits. For policy makers, the findings can guide policy development aimed at fostering a vibrant and competitive higher education sector in Kenya. Understanding the dynamics of horizontal diversification can help in designing policies that support the success of chartered private universities without compromising educational quality. For students and parents, this research sheds light on the evolving landscape of higher education, informing students and parents about the factors that contribute to the quality and relevance of university programs. It can influence their decisions regarding university selection and program choice. For the academic community, by adding to the body of knowledge on strategic management in higher education, this study contributes to the academic discourse on university diversification and its impact on organizational performance. It can stimulate further research in this area, enriching the theoretical frameworks and practical applications.

Statement of the Problem

Most studies on diversification strategies in private universities have mainly focused on developed economies. Teixeira et al (2012) surveyed Portuguese Higher Education to establish the relationship between competition and diversity in contemporary Higher Education. Morris, Fier and Liebenberg (2017) on the other hand investigated the relationship between diversification relatedness and firm performance in the USA property liability insurance industry. A study by Sanderson et al (2017) revealed that 40% of national financing allocated to higher education in USA was inadequate.

Santarelli and Tran (2015) provided insight on the relationship between diversification strategy and firm performance in Vietnam based on the assumption that a firm's profitability is determined by its degree of diversification. Ayden et al (2020) on the other hand investigated the relationship between diversification strategy and organizational output by comparing firms in Turkey, Italy and Netherlands. Based on the foregoing literature there is a research gap in diversification strategy and sustainable organizational performance in developing economies which the current study seeks to bridge.

Privatisation of university education in 2012 whose primary objective was to meet the high demand for university education saw the accreditation of many private universities thereby leading to over establishment (Odhiambo, 2013). Currently there are 21 chartered private universities and 33 chartered public universities in Kenya (CUE, 2021). This heightened competition in the in the university subsector as both public and private universities draw their clientele (students) from the same market making it difficult to survive in the industry without unique and sustainable competitive strategies. Further, the reduction of university entry point to C+ in 2018 significantly reduced student enrollment in private universities since all qualified students were eligible to join public universities.

Intense competition in the university sub sector vis a vis reduced student enrollment threatened the sustainability of private universities in Kenya. Satellite campuses started closing down. Twenty-eight (28) public and six (6) private satellite campuses closed down between 2016 and 2020 (CUE, 2020). This called for repositioning by private universities in order to realize sustainable performance (Gakure et al., 2011). The premise of the current study is to explore diversification strategy as a response strategy by private universities to counter reduced student enrollment leading to reduced revenue in order to realize sustainable performance.

Studies on diversification strategy and performance have been conducted locally here in Kenya on varying research contexts spanning from public universities, the corporate sector, the banking industry and the manufacturing industry. A survey by Muigai (2021) on competitive strategies in public universities established that the majority of public universities adopt diversification strategy in order to spread risk and enhance growth while Mathooko and Ogutu (2014) examined strategies adopted by public universities in response to environmental changes in Kenya. Ndege (2018) explored concentric diversification strategies in cosmetic firms in Nakuru County while Nyakora (2017) examined the effect of diversification strategies on Safaricom (K) with regard to its competitiveness. However, these studies have focused on various research contexts but not in private universities. The premise of the current study will be to bridge this research gap.

Empirical evidence shows that many researchers concur on the existence of a close link between diversification strategy and performance. However, there is no consensus on the precise nature of the relationship between the two. While one stream of researches supports positive influence of diversification strategy on organization performance another stream shows negative relationship (Sande, 2019). The conflicting findings meant that there was need for further research in this area. It is against this backdrop that the current study aimed at bridging the apparent literature gap by examining horizontal diversification strategy and sustainable organizational performance of private universities in Kenya. This study thus sought to establish the influence of horizontal diversification on sustainable organizational performance of chartered private universities in Kenya by testing the following null hypothesis:

H_0 Horizontal diversification does not significantly influence sustainable organizational performance of chartered private universities in Kenya.

Literature Review

Theoretical Framework

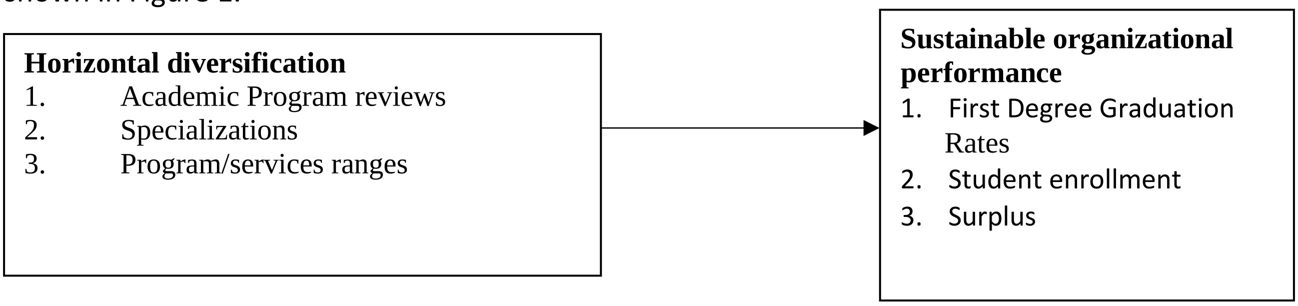
The Ansoff growth theory, commonly referred to as Ansoff matrix, was developed by H. Igor Ansoff Russian American Scholar Igor Ansoff, and first published in the Harvard Business

Review in 1957, in an article titled "Strategies for Diversification." The matrix (1957) comprises four strategies: market penetration, product development, market development and diversification (Dawes, 2018). Market penetration focuses on increasing company sales without leaving original product-market strategy at the cost of rivals and selling more established products to existing markets. In this strategy businesses mount the quantity of sales on existing customers or acquire new customers to increase the business market share. According to Kotler and Keller (2006) product development has been considered the bloodline for sustainability as it allows businesses to gain competitive advantage, attract new customers while retaining the existing ones. The strategy may involve modification of existing products, or formulation of entirely new ones to meet new customer needs or market niche (Pantano et al., 2020).

Ansoff's matrix offers a structured way to assess potential strategies for growth and provides a quick and simple solution for business risks (Ansoff, 1957). Dawes (2018) affirms this view when he points to the matrix as providing a framework for executives, senior managers and marketers to design appropriate strategies for their businesses. Businesses choose the type of diversification strategy based on its strategic objectives. Vertical and horizontal diversification are used to strengthen growing businesses while lateral diversification is used to achieve business stability. The theory picks diversification variable to explain how Private universities in Kenya can increase their revenue streams by adopting related differentiation (horizontal and vertical), unrelated differentiation (conglomerate) and geographical differentiation. Practically, this can be done by developing market driven programs and revenue generating services, establishing new campuses or entering new markets in different regions both locally and across borders to attract new students to increase student enrolment ratio which can consequently increase market share and grow revenues. The theory explains the variable diversification strategy.

Conceptual Framework

The current research is anchored on one independent variable; horizontal diversification as the predictors for sustainable organizational performance of private universities in Kenya as shown in Figure 1.



Independent Variable **Dependent variable**

Figure 1: Conceptual Framework

Empirical Literature

Gul (2019) examined the effect of integration strategies and organization performance using 147 manufacturing organizations in Denmark. Both Entropy and Herfindahl Index were applied to measure the level of diversification while ROA, ROS and ROE were used to measure performance. The study revealed that horizontal (related) integration companies outperform the unrelated diversified organizations and the structure of the market, the level of concentration have varying effects on performance for each type of industry. The manufacturing industry has the highest average performance measure and the empirical results underline the significant and positive effect of the horizontal integration strategy. However, the study was based in manufacturing organizations, and not universities, a gap that this study endeavors to fill.

Zubairu et al (2019) evaluated the impact of horizontal diversification on performance. 200 non-profit making organizations were selected for the study and a total of 12 companies submitted full financial report while 10 were incomplete. Data was drawn from both financial and non-financial statements of the organizations while specialization ratio method was used to categorize organizations into low, moderately diversified and highly diversified forms. The study revealed that undiversified organizations outperform the highly diversified organizations in terms of return on total assets and profit margin. Similarly, moderately diversified organizations were found to outperform the highly diversified organization in terms of return on equity, return on asset and profit margin. The results therefore showed that horizontal diversification does not necessarily lead to improvement in organizational performance, thus organizations are better-off remaining focused if they aim at improving performance.

Ndung'u et al (2020) examined the effect of diversification strategies on the performance of state-owned sugar firms in Kenya. The specific objective was to establish the effect of horizontal diversification on firm performance of sugar firms in Kenya. The study employed descriptive survey study research design. The target population of the study comprised of all sugar firms in western Kenya; Nzoia, Sony, Chemelil, Muhoroni and Miwani that were purposively selected. The null hypothesis was accepted and therefore concluded that there is no relationship between adoption of horizontal diversification strategy and sugar firms' performance. The study recommends that in the current competitive business situation, firms have to strive to open other revenue streams to keep afloat. However, the sugar firms must analyze the effect of horizontal diversification on firm performance.

Research Methodology

Research Philosophy

The current research adopted a post-positivism philosophy which is an advancement of positivism philosophy. Positivism advocates the application of methods of the natural sciences to the study of social reality and beyond (Clark et al., 2021). Post-positivism is a wholesale rejection of the central tenets of positivism. A post-positivist might begin by recognizing that the way scientists think and work and the way we think in our everyday life are not distinctly different (Adam, 2014).

Research Design

The current study adopted descriptive research design. Descriptive design is used in preliminary and exploratory studies to gather information, summarize, present data, as well as interpret it. Descriptive research design was found to be appropriate for the current as it has been used by other researchers (Ngugi, 2012). Further, the design produces statistical findings that may inform policy. The study population constituted all the 36 private universities in Kenya.

Population and Sampling Techniques

The target population of this study was top and middle level management team of private universities in Kenya who include Vice chancellors, Deputy Vice Chancellors, Registrars, Finance managers, Human Resource Managers Deans, Directors, HoDs and senior lecturers. This group was found to be appropriate because of its direct involvement in policy implementation and procedures in private universities. The unit of observation was the 21 chartered private Universities. The study adopted stratified sampling technique. The study sample size was determined using Taro Yamane's proportional sampling technique. From the calculation 313 was used for this study as sample size where respondents were selected through proportionate stratified sampling as shown in the Table 1.

Table 1
Sample Size

Category	**No. of target population (N)**	**Sample n= (N/Target Pop.) x Sample size**
Vice Chancellors	21	5
Deputy Vice Chancellors	57	12
Registrars	21	4
Finance managers	21	4
Human Resource Managers	21	4
Deans	76	16
Directors	95	21
HODs	564	122
Senior Lecturers	572	125
Total	**1444**	**313**

Source: CUE 2021

Instrumentation

The current research adopted questionnaires to collect primary data. The questionnaire included a 5-point Likert-type scale operationalized to reflect the study variables. Use of Likert scale enables respondents to provide information which is quantifiable. Sections of the instrument were adopted from existing sources but modified, while other sections were formulated from existing literature. Out of these (313), 246 questionnaires were successfully filled and handed back to the researcher which gives a 79% response rate. A pilot study was undertaken for the purpose of pre-testing the data collection instruments for reliability and validity. The researcher pretested on 10% of the unit of observation (21 chartered private universities which translates to two chartered universities and10% of the sampled respondents which is 31 (thirty-one) respondents. The researcher worked in consultation with experts (supervisors) familiar with the construct to measure construct validity of the questionnaire. The value of KMO for all the variables (constructs) were above a minimum threshold of 0.5; Sustainable organizational performance = 0.803 and Horizontal diversification = 0.735. This indicates that the number of items for each construct (variable) were adequate to measure the respective variables. Factor loadings for all the six items under Sustainable organizational performance and five items under horizontal diversification were above a minimum threshold of 0.4. Reliability of the research instruments was tested using Cronbach alpha test which is a measure of internal consistency. Sustainable organizational performance yielded an alpha of 0.879 and horizontal diversification record an alpha of 0.803 which were above 0.7.

Data Analysis and Presentation
A combination of tools was used to analyze the data because the study contains aspects of both qualitative and quantitative nature. Quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS) and Microsoft Excel software through descriptive statistics. Descriptive statistics presents data using measures of central tendency (mean and mode), measures of dispersion (standard deviation and variance) and inferential statistics (correlation and linear regression). The study used regression and correlation analysis to show the effect of a set variables on independent variable and to test the strength of the relationship between them.

Findings and Discussions
Descriptive Statistics of Variables in the Study
To determine the influence of Diversification strategy on Sustainable organizational performance of chartered private universities in Kenya, the researcher sought to find information regarding the sustainable organizational performance in regards to the following indicators first degree graduation rates, student enrollment and surplus. The results are as shown in Table 2.0.

Table 2.0
Sustainable organizational performance
1-Very Little Extent, **2**-Little Extent, **3**-Moderate Extent, **4**-Great Extent, **5**-Very Great Extent, **S.D-**Standard Deviation

Organizational Performance	5	4	3	2	1	Mean	S.D
The university has high student enrollment	21.1% (52)	33.3% (82)	35% (86)	6.5% (16)	4.1% (10)	3.61	1.02
Unique skills offered by the university have increased the employability of our students	6.5% (16)	14.6% (36)	35% (86)	38.2% (94)	5.7% (14)	2.78	0.99
The university has a high graduation rate of students.	11.4% (28)	44.7% (110)	23.6% (58)	16.3% (40)	4.1% (10)	3.43	1.02
High number of student enrollment has increased university revenue from student fees	17.9% (44)	49.6% (122)	17.9% (44)	13.8% (34)	0.8% (2)	3.70	0.95
Unique programs offered by the university have attracted new students	22% (54)	22% (54)	34.1% (84)	17.9% (44)	4.1% (10)	3.40	1.13
The university offers unique competitive programs which has increases student enrollment	17.9% (44)	24.4% (60)	35.8% (88)	17.9% (44)	4.1% (10)	3.34	1.09
Average level of Organizational Performance	**Mean(%Mean)**	**Std. Dev.**	**Std. Error of mean**	**Minimum**	**Maximum**		
	3.38 (67.60%)	0.816729	0.052073	1.167	4.667		

As shown in Table 2.0, 21.1% of the 246 respondents revealed the university has high student enrollment at very great extent while additional 33.3% rated it at great extent. On the other hand, 35% of the respondents revealed that the university has high student enrollment at moderate extent while 6.5% at little extent and 4.1% at very little extent. A mean of 3.61 indicated that the university has high student enrollment at great extent although a standard deviation of 1.02 implied that there was significant variation as some universities were having student enrollment at great extent while others at moderate extent.

In regards to unique skills offered by the university have increased the employability of our students 6.5% of the respondents indicated that unique skills offered by the university have increased the employability of our students at great extent and 14.6% indicated at very great extent. Conversely, 35% of the 246 respondents revealed unique skills offered by the university have increased the employability of our students at moderate extent while 38.2% at little extent and 5.7% at very little extent. A mean of 2.78 revealed unique skills offered by the university have increased the employability of their students at moderate extent while a standard deviation of 0.99 indicated that there was significant variation as universities were having employability of their students from little extent to great extent.

The results also revealed that 11.4% of the 246 respondents indicated the university has a high graduation rate of students at very great extent while 44.7% indicated it was at great extent. However, 23.6% of the 246 respondents indicated the university has a high graduation rate of students at moderate extent while 16.3% indicated at little extent and 4.1% at very little extent. A mean of 3.43 revealed that the university has a high graduation rate of students although from the standard deviation, 1.02, some of the universities do not have a high graduation rate of students since the extent ranged from little extent to great extent.

Further, the results revealed that 17.9% of the 246 respondents indicated High number of student enrollment has increased university revenue from student fees at great extent while 49.6% of the respondents indicated that it was at very great extent. On the other hand, 17.9% of the respondents indicated High number of student enrollment has increased university revenue from student fees at moderate extent, 13.8% at little extent and 0.8% at very little extent. A mean of 3.70 indicated that high number of student enrollment has increased university revenue from student fees at moderate and this was supported by insignificant standard deviation of 0.95. From the standard deviation, the increase in revenue from student fees as a result of student enrollment ranged from moderate extent to very great extent.

However, 22% of the 246 respondents revealed that unique programs offered by the university have attracted new students at very great extent and 22% at great extent. On the other hand, 34.1% of the 246 respondents revealed unique programs offered by the university have attracted new students at moderate extent, 17.9% at little extent and 4.1% at very little extent. A mean of 3.40 revealed that unique programs offered by the university have attracted new student's standard deviation of 1.13 implying that there was significant variation in regard to attracting new students as a result of offering unique programs since some university attracted new students at little extent while other universities at great extent.

Lastly, the results revealed that 17.9% of the 246 respondents indicated the university offers unique competitive programs which has increases student enrollment at great extent while 24.4% of the respondents indicated that it was at very great extent. On the other hand, 35.8% of the respondents indicated the university offers unique competitive programs which has increases student enrollment at moderate extent, 17.9% at little extent and 4.1% at very little extent. A mean of 3.34 indicated that the university offers unique competitive programs which has increases student enrollment at moderate and this was supported by significant standard deviation of 1.09. The significant deviation suggested that there was deviation in

regards to increase student enrollment as some universities realized increased enrollment at little extent due to offering university offers unique competitive programs while other at very great extent.
The environment in which Universities operate has become increasingly competitive. This therefore requires private universities to position themselves strategically to achieve sustainable performance. Creating a sustainable performance in universities may be a real challenge, as the governance structure is complex, potentially even an 'organized anarchy, characterized by overarching government priorities and temporal factors Gohari et al (2019), a fuzzy or opaque use of technology, and unclear institutional culture.
Sustainable organizational performance of private universities is the ability to support, maintain and keep private universities functioning properly by enhancing academic programmes, the learning environment and the curriculum as they are major instruments through which universities carry out their functions of inculcating knowledge, values and skills, in order to equip their product to cope with future challenges (Ekpoh & Okpa, 2017). The ability of private universities to attract more students and increase their market share depends on their reputation, the quality of their output and stakeholder satisfaction. Zangoueinezhad and Moshabaki (2011) support the view that in assessing sustainability, consideration should be made to the contribution of teaching and research to the achievement of the university strategic goal.
Compared to public universities, it can be expected that private universities are more flexible and react more quickly to demands from external stakeholders. A reason for this is that they rely on students paying for their studies, which makes them more vulnerable to demographic changes and changes in funding for their day-to-day operations. The impact on teaching and sustainability practices may differ, depending on the requirements from the labour market. In particular, private business schools aim to deliver students ready for functioning in the current economic system and to fulfil the requirements of the large employers (Platje et al., 2019).

Table 3.0
Horizontal Diversification
1-Very Little Extent, **2**-Little Extent, **3**-Moderate Extent, **4**-Great Extent, **5**-Very Great Extent, **S.D-**Standard Deviation

Statements on Horizontal diversification adopted by Private Universities	**5**	4	**3**	**2**	1	**Mean**	**S.D**
The university conducts Academic Program reviews to improve quality and attract more students	24.4% (60)	43.9% (108)	20.3% (50)	10.6% (26)	0.8% (2)	3.80	0.95
The university offers specialized/professional courses which attracts more students	8.9% (22)	36.6% (90)	47.2% (116)	5.7% (14)	1.6% (4)	3.46	0.80
The university has introduced new undergraduate academic programs to increase student intake	28.5% (70)	26% (64)	35% (86)	7.3% (18)	3.3% (8)	3.69	1.06
The university has introduced postgraduate programs to increase student numbers	10.6% (26)	54.5% (134)	31.7% (78)	2.4% (6)	0.8% (2)	3.72	0.72

Horizontal diversification at the university is done through diversification of mode of delivery eg. Online programs to increase student enrollment	15.4% (38)	61.8% (152)	13.8% (34)	8.1% (20)	0.8% (2)	3.83	0.82

Average level of Horizontal diversification	Mean(%Mean)	Std. Dev.	Std. Error of mean	Minimum	Maximum
	3.7 (74.0%)	.65671	.04187	2.0	5.00

As shown in Table 3.0, 24.4% of the 246 respondents revealed that their university conducted Academic Program reviews to improve quality and attract more students at very great extent while additional 43.9% rated it at great extent. On the other hand, 20.3% of the respondents revealed that their university conducted Academic Program reviews to improve quality and attract more students at moderate extent while 10.6% at little extent and 0.8% at very little extent. A mean of 3.80 indicated that the universities conducted Academic Program reviews to improve quality and attract more students at great extent although a standard deviation of 0.95 implied that there was significant variation (dispersion was wide) implying that some universities were conducting academic program reviews while others were not.

In regards to the university offers specialized/professional courses which attracts more students, majority of the 246 respondents, 61.8% indicated that their university offered specialized/professional courses which attracts more students at great extent and 15.4% indicated at very great extent. Conversely, 13.8% of the 246 respondents revealed their university offered specialized/professional courses which attracts more students at moderate extent while 8.1% at little extent and 0.8% at very little extent. A mean of 3.83 revealed the universities offered specialized/professional courses which attracts more students at great extent with insignificant variation (S. D=0.82) among the responses implying that almost all the universities were offering specialized/professional courses which attracts more students.

The results also revealed that 28.5% of the 246 respondents indicated that their university has introduced new undergraduate academic programs to increase student intake at very great extent while 26.0% indicated it was at great extent. However, 35.0% of the 246 respondents indicated their university has introduced new undergraduate academic programs to increase student intake at moderate extent while 8.1% indicated at little extent and 0.8% at very little extent. A mean of 3.69 revealed that the sample universities have introduced new undergraduate academic programs to increase student intake although from the standard deviation, 1.06, some of the universities have not introduced new undergraduate academic programs at great extent, either at moderate extent or very great extent.

Further, the results revealed that 54.5% of the 246 respondents indicated their university has introduced postgraduate programs to increase student numbers at great extent while 10.6% of the respondents indicated that it was at very great extent. On the other hand, 31.7% of the respondents indicated their university has introduced postgraduate programs to increase student numbers at moderate extent, 2.4% at little extent and 0.8% at very little extent. A mean of 3.72 indicated that the universities have introduced postgraduate programs to increase student numbers at moderate and this was supported by insignificant standard deviation of 0.72 implying majority of the universities have introduced postgraduate programs at great with few of them at moderate extent.

Lastly 8.9% of the 246 respondents revealed that horizontal diversification at the university is done through diversification of mode of delivery eg. Online programs to increase student enrollment at very great extent and 36.6% at great extent. On the other hand, 47.2% of the

246 respondents revealed that horizontal diversification at their university is done through diversification of mode of delivery eg. Online programs to increase student enrollment at moderate extent, 5.7% at little extent and 1.6% at very little extent. A mean of 3.46 revealed that horizontal diversification at the universities is done through diversification of mode of delivery eg. Online programs to increase student enrollment at moderate with an insignificant standard deviation of 0.80 suggesting that majority of the private universities have diversified mode of delivery to moderate extent although few of them have done so at great extent.
Scholars have established a link between horizontal diversification strategy and sustainable performance affirming that businesses enter new markets to explore new opportunities, to address new customer needs or to respond to technological changes (Gudo et al, 2011; Fosfuri, Giarratana & Roca, 2016; Onyonka, 2013). Horizontal diversification will spread risks in private universities as challenges in one center will be compensated by great achievements in another campus (Mathooko & Ogutu, 2015). Sustainable performance of private universities will be determined by the ability to offer academic programmes that are aligned to the expectations and needs of the labour market (Pradeep et al., 2023).
In consistency with global trends there is need for universities in Kenya to supplement inadequate financial support through programme diversity while responding to increasing demand for higher education in Kenya and the region (Othman & Othman, 2014; Ng & Keng, 2023). Private universities should initiate unique industry relevant academic programmes at all levels ranging from certificate, diploma to degree courses to cater for diverse clientele for financial stability. In addition, they should consider supplementing their academic programmes with professional, postgraduate and executive MBA programmes targeting high level managers, constantly review their academic programmes as well as invest in market intelligence in order to offer competitive programmes which are aligned to the market needs (Mukhwana et al., 2016).

Linear Regression between Horizontal Diversification and Sustainable Organizational Performance

The study used a Simple Linear Regression between Horizontal diversification and Sustainable organizational performance of chartered private universities in Kenya by assessing the influence of Horizontal diversification on sustainable organizational performance of chartered private universities in Kenya. The researcher tested the following hypothesis:
H_{01}*: *Horizontal diversification does not significantly influence sustainable organizational performance of chartered private universities in Kenya.

Table 4
Model Summary and ANOVA

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.640[a]	.410	.408	.628621

a. Predictors: (Constant), Horizontal diversification
b. Dependent Variable: Sustainable organizational performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.006	1	67.006	169.566	.000[b]
	Residual	96.420	244	.395		
	Total	163.426	245			

a. Dependent Variable: Sustainable organizational performance
b. Predictors: (Constant), Horizontal diversification

From the Table 4, horizontal diversification is positively correlated to sustainable organizational performance of chartered private universities in Kenya the coefficient is 0.630 (p value < 0.01) this is significant at 99% confidence level. Thus, increase in horizontal diversification would make sustainable organizational performance of chartered private universities in Kenya also to increase. Gul (2019) revealed that horizontal (related) integration companies outperform the unrelated diversified organizations and the structure of the market, the level of concentration have varying effects on performance for each type of industry. Zubairu, Ibrahim and Ibrahim (2019) showed that horizontal diversification does not necessarily lead to improvement in organizational performance, thus organizations are better-off remaining focused if they aim at improving performance. Ndung'u, Ngoze and Wanjere(2020) concluded that there is no relationship between adoption of horizontal diversification strategy and sugar firms' performance.
The findings were as shown below in Table 4. where the ANOVA test results were $F (1, 244) =169.566$, $P = 0.000< 0.05$; an indication that the Simple Linear Regression model was a good fit to our dataset. The model (Horizontal diversification) was able to explain 41.0% of the variation in the sustainable organizational performance of chartered private universities in Kenya as indicated by the R Square = 0.410 as shown in the model summary of Table 4.

Table 5
Regression Coefficient

Model		Unstandardized Coefficients β	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.431	.230		1.875	.062
	Horizontal diversification	.796	.061	.640	13.022	.000

a. Dependent Variable: Sustainable organizational performance

The regression Coefficient results showed that $\beta= 0. 796$, $t =13.022$, $p=0.000<0.05$; therefore, horizontal diversification had a statistically significant influence on the Sustainable organizational performance of chartered private universities in Kenya. Horizontal diversification had a positive standardized beta coefficient = 0.796 as shown in the coefficients results; this indicates that the sustainable organizational performance is predicated to improve by 0.796 when the Horizontal diversification practice variable goes up by one unit. To predict the Sustainable organizational performance of chartered private universities in Kenya when given the level of Horizontal diversification, the study suggests the use of the following model;

Sustainable organizational performance = 0.431 + 0. 796 Horizontal diversification
The findings are supported, Gul (2019) examined the effect of integration strategies and organization performance using 147 manufacturing organizations in Denmark. The study revealed that horizontal (related) integration companies outperform the unrelated diversified organizations and the structure of the market, the level of concentration has varying effects on performance for each type of industry. Zubairu et al (2019) evaluated the impact of horizontal diversification on performance. The results therefore showed that horizontal diversification does not necessarily lead to improvement in organizational performance, thus organizations are better-off remaining focused if they aim at improving performance. Ndung'u et al (2020) examined the effect of diversification strategies on the performance of state-owned sugar firms in Kenya. The null hypothesis was accepted and therefore concluded that there is no relationship between adoption of horizontal diversification strategy and sugar firms' performance.
However, numerous studies indeed confirm this and, specifically, show that horizontal expansion often results in lower firm performance because of various agency problems. For instance, these include incompetent or irrational managers, competent but self-interested managers, wasteful spending in general and wasteful investment in poorly performing divisions and, finally, the inability of the internal economy of the firm to correctly signal. Horizontal diversification consists, instead, of corporate expansion into more than one industry across businesses not necessarily related to each other. With respect to vertical integration, the theoretical grounding behind horizontal diversification is less clear-cut (Martins & Silva, 2019). Further, in modern theory of the firm, employees usually acquire and accumulate knowledge that is specific for the firm and which cannot be used elsewhere (Markides, 2005). However, when the firm is liquidated the knowledge streams that had been created are destroyed and this resource is lost.

Conclusions and Recommendations
According to the findings of the research, horizontal diversification does have a substantial effect on the sustainable organizational performance of chartered private institutions in Kenya. As a result, the first null hypothesis was rejected. According to this, an increase in the number of academic program evaluations, specialties, and program/services ranges would lead to an improvement in the percentage of students who graduated with their first degree, as well as an increase in student enrollment and surplus. Academic Program evaluations were carried out by the universities in order to enhance the quality of the programs and attract a greater number of students. Additionally, horizontal diversification at the universities was accomplished by diversifying the modes of delivery, such as online programs, in order to increase the number of students enrolled.
To enhance sustainable organizational performance in chartered private universities in Kenya, policymakers should consider fostering an environment that encourages and supports horizontal diversification. This can be achieved by developing policies that incentivize universities to conduct regular academic program reviews, introduce specialized/professional courses, and diversify program/service ranges. Additionally, policymakers should encourage the introduction of new undergraduate and postgraduate programs, as well as the adoption

of diverse modes of delivery, including online programs. Creating a policy framework that recognizes and rewards universities for their efforts in horizontal diversification will contribute to a more vibrant and resilient private university sector.
Chartered private universities should prioritize and invest in horizontal diversification strategies to improve sustainable organizational performance. This involves regularly reviewing academic programs to align with market demands, introducing specialized courses that cater to specific industry needs, and diversifying program/service ranges to attract a broader student base. Universities should embrace innovative modes of delivery, such as online programs, to reach a wider audience. Collaboration with industries and professionals can provide insights into emerging trends and skill requirements, guiding universities in expanding their offerings. Additionally, creating a culture of adaptability and continuous improvement within the university administration will facilitate effective horizontal diversification.
Scholars and researchers in the field of higher education management should further explore and theorize the relationship between horizontal diversification and sustainable organizational performance. Developing theoretical frameworks that capture the nuances of how different aspects of horizontal diversification impact performance will contribute to a deeper understanding of this dynamic. Additionally, researchers should investigate the role of contextual factors, such as regional demands and economic trends, in shaping the effectiveness of horizontal diversification strategies. Theoretical advancements in this area will provide a foundation for evidence-based decision-making and strategic planning in private higher education institutions in Kenya and beyond.

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