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GENERIC STRATEGIES AS A MEDIATOR OF INSTITUTIONAL PERFORMANCE: EVIDENCE FROM ZAMBIAN UNIVERSITIES

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Abstract: Higher Education Institutions (HEIs) are increasingly adopting strategic approaches to remain competitive in an evolving academic and economic environment. Porter's generic strategies—cost leadership, differentiation, and focus—provide a framework for institutions to achieve sustainable competitive advantage. Cost leadership emphasizes reducing operational costs to gain a pricing edge, differentiation focuses on delivering unique value, and focus strategies target specific student groups with distinct needs. The choice of strategy, however, is shaped by both internal capabilities and external environmental forces, making strategic alignment essential for long-term performance. Existing literature emphasizes that competitive advantage is not merely about outperforming rivals but also about creating superior value, either through affordability or by offering distinctive services that command a premium. For universities, this extends beyond financial metrics to include academic excellence, service delivery, research output, and student satisfaction. As the higher education sector in Zambia and globally faces increasing competition, understanding the mediating role of generic strategies in enhancing institutional performance is critical. This study examines how Zambian universities leverage cost leadership, differentiation, and focus strategies to strengthen competitiveness and drive overall institutional performance. Findings are expected to highlight the strategic pathways through which HEIs can sustain relevance, improve service quality, and align with global standards in higher education.

Keywords: Generic Strategies, Competitive Advantage, Higher Education Institutions, University Performance, Strategic Alignment

1. INTRODUCTION

Porter developed three generic strategies that firms can adopt for competitive advantage (Porter & Canada, 1985). The strategies are cost leadership, differentiation and focus. In order to be competitive, firms will adopt any one of these strategies or a combination of these strategies. Cost leadership is the ability to keep production

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costs low and thereby have a price advantage and create competitiveness (Bal & Erkan, 2019). Differentiation is the ability to offer a unique product, whereas the focus strategy is the ability to concentrate on customer groups with specific needs, hence narrow target audience (Bal & Erkan, 2019). The internal and external environmental forces have a significant influence on the choice of strategies adopted. For HEIs to achieve sustainable competitive advantage, they must adopt strategies that align with their internal and external environmental landscapes. The adoption of these generic strategies by many institutions, including higher education institutions has seen an upward trend (Alzoubi & Emeagwali, 2016). Porter, (2008), states that competitive advantage is the firm's ability to create superior value for its buyers by offering lower prices than competitors for equivalent service offer or by providing unique services that a buyer is willing to pay at a premium price. Sigalas and Pekka- Economou define competitive advantage as "the above industry average manifested exploitation of market opportunities and neutralization of competitive threats" (Sigalas & Pekka-economou, 2018). Furthermore, the concept of competitive advantage has broadened to include other aspects, such as, services, value creation as well as overall firm performance (Haan, 2015; Abdurachman et al., 2023). Competitive advantage is achieved when firms leverage their internal resources, taking into account external environmental forces, to adopt appropriate strategies. The aim of this study is to explore the mediating effect of generic strategies on university performance.

Research Questions

RQ1 what is the influence of internal resources on strategy types?

RQ2 what is the influence of strategy type on university performance?

RQ3 what is the mediating effect of strategy type on the relationship between internal resources and university performance?

2. LITERATURE REVIEW

2.1 Internal Resources

Internal environmental forces of organisations refer to factors within an organisations that have an influence on its operations, positively or negatively. This paper examines internal resources, viewed from the lenses of the Resource Based View (RBV) Theory (Barnel, 1991). These internal resources have been classified as, institutional reputation, technological capabilities, administrative processes, human resources, culture, institutional reputation, brand image, rankings, marketing activities and financial resources, to mention only a few (Wang et al., 2020; Mainardes et al., 2011). The nature of each of the forces plays a very important role in determining the choice of strategy an institution will pursue.

The quality of staff: human resources are an important asset to an organization. A university that has highly skilled academicians and administrators can enhance its performance by differentiating itself. A university can offer high quality education in specialized fields, offer uniquely designed study programmes and flexible modes of learning (Jeketule, 2018). Conversely, a university may choose to pursue cost leadership strategy by offering standardized programs and increasing class sizes. It may also employ costcutting measures such as online administrative processes and employing part time academic staff where necessary.

Availability of financial resources: financial resources have a significant impact on the strategic choices of an institution. A university, that has sufficient financial resources, can afford to adopt differentiation strategies. It can invest in state of the art technology, lecture theaters and other campus facilities, which can in turn enhance institutional reputation (Soko, 2014).

Institutions that are well funded are likely to be more flexible and diverse in their programme offerings.

Technological capabilities: in this era of digital transformation, HEIs need to leverage technology to differentiate themselves. They can employ innovative teaching methods, making use of online platforms for

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teaching, and administrative processes (Ngaruko, 2014)**.** HEIs can adopt differentiation strategies to distinguish themselves from their competitors. Alternatively, HEIs can adopt cost leadership strategies using technology to enhance operational efficiency. Barney (1991; 2001) asserts that as long as a firm has internal resources that are valuable, rare, inimitable and non-substitutable (VRIN), they should be able to achieve competitive advantage.

A university can adopt strategies depending on the configuration of its internal resources.

H₁: internal resources have an influence on university performance

H₂: internal resources have an influence on the strategy types adopted

2.2 Cost leadership strategy

According to Porter (1985), cost leadership involves setting out to be the lowest cost producer in an industry. Cost advantages may vary from industry to industry, however, they may include; access to raw materials, economies of scale, further along the experience curve. A cost leadership strategy would be more effective in stable environments (Pulaj et al., 2015; Manyeki et al., 2019). Low cost strategy puts an emphasis on producing standardized products at a very low cost. According to (Tanwar, 2013), the foremost strategic objective of a low cost provider is to lower cost than rival firms. However, low cost strategy should not be considered as offering products that are inferior to competitors, but products with comparable quality (Islami et al., 2020). A firm pursuing low cost strategy has two alternative pathways (Porter, 1985). Firms may pursue low cost strategy because it may enable firms to sell their products at a lower price and still be able to earn profits. Low cost strategy may also act as a barrier for new entrants into the industry.

However, low cost strategy may not provide a permanent competitive advantage. If the strategy can be relatively easy or less costly to imitate by competitors, then the strategy will not last long, or the competitive edge will not last long (David & David, 2017). To be successful in using this strategy, firms, must therefore, (i) perform value chain activities more efficiently than rivals firms and (ii) revamp the overall value chain in order to eliminate some costly activities (David & David, 2017).

HEIs have adopted cost leadership, especially due to financial constraints. They have done so by minimizing operational costs and streamlining administrative processes (Porter, 2008; Okwemba, 2023). These strategies have enabled HEIs to attract students who are cost conscious.

H₃: Cost leadership has a significant mediating effect on the relationship between internal resources and university performance

2.3 Differentiation strategy

Porter (1985) suggests that this strategy is unique in ways that are valued by a customer. There are several differentiation attributes a firm can use and they include; product characteristics, product marketing, delivery system. Differentiation is a strategy that a firm can use to distinguish itself from competitors through the quality of its products or services (Griffin, 2015). According to Porter (1985), if a product is unique, then it may offer high customer loyalty. If customers perceive the product to be unique, they will be loyal to the firm and willing to pay to pay a higher price for the product. Successful differentiation allows firms to charge higher prices for its products. (David & David, 2017) argue that firms that pursue differentiation can hold on to their competitive advantage for as long as differentiation attributes are difficult to copy by rivals.

According to Pulaj et al., (2015), firms can enhance differentiation if they (i) create product features that appeal to a wide range of customers, (ii) improve customer service, (iii) invest in R&D activities (iv) pursue continuous quality improvement, (v) increase marketing and brand-building activities, and (vi) emphasize human resource activities that improve skills and expertise of personnel. HEIs have adopted differentiation

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strategies by designing unique academic programmes, student support services, research initiatives and campus facilities (Okwemba, 2023).

H₄: Differentiation strategy has a significant mediating effect on the relationship between internal resources and university performance

2.4 Focus strategy

Porter (1985) proposed a third strategy which is the focus strategy, which can be implemented by the firm. Using focus strategy, a firm will concentrate on a specific regional market, product line or buyers. The rationale of the focus strategy is to serve a specific segment of the market (Porter, 2008; Yamin et al., 1999). Firms pursuing this strategy can choose to use differentiation or low cost in the segment selected. According (David & David, 2017), focus strategy is most effective when consumers have distinctive preferences and when rival firms are not attempting to specialize in the same target market. HEIs have adopted focus strategies by concentrating on specific market segments, offering specialized programmes or serving specific category of student demographics. Focus strategies make it possible for HEIs to allocate resources more efficiently or differentiate themselves in order to exploit market opportunities (Hemsley-brown & Oplatka, 2010).

A study by (Alzoubi & Emeagwali, 2016) suggests that there is a weak relationship between differentiation and performance of HEIs, a strong relationship between focus strategy and performance and that there was no observed link between cost strategy and performance. The study further indicated that public-private universities perceived the strongest generic strategyperformance link followed by the public universities.

H₅: Focus strategy has a significant mediating effect on the relationship between internal resources and university performance Table 1 gives a summary of Porter's generic strategies, and how they can be applied in higher education.

Table 1: Summary of Generic Strategies

Strategy types	Application to Higher Education
Cost leadership	Operational efficiency Outsource non-core services Use of online platforms (e.g registration)
Differentiation	State of the art training facilities Strong brand Alliances with other universities Unique study programmes
Focus strategy	Customized tailor made programmes Specific student demographics Research in specific specialized areas

Author Compilation

3. METHODOLOGY

To test the hypotheses presented above, the study adopted a quantitative research design. Quota sampling technique was used to collect data from 4 universities. Prior to data collection, ethical approval was sought from the University of Zambia, School of Humanities and Social Sciences Ethics Committee (HSSREC-2024 FEB-008).The online link for the questionnaire was then sent via various student networks. Students were

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assured that their participation was voluntary and that their response would remain anonymous. Each university was considered a sub group, after which participants were conveniently selected from each. 499 participants responded to the online questionnaire via google forms. The study focused on collecting data from students in order for them to provide their perspective on the strategy types. The questionnaire contained 7 independent variables and 1 dependent variable. The study used SPSS version 27 to perform multiple regression analysis and PROCESS Macro version 4.2 in SPSS (Coutts & Hayes, 2023). to test the mediating role of the three strategy types on university performance.

The regression models are presented below;

$$Y_i = \beta_0 + \beta_1 MKA + \beta_2 HRA + \beta_3 RPA + \beta_4 EEA \text{ (i)}$$

Model (i) was used to test the relationship between university performance (Yi) as dependent variable and marketing, human resources, reputation and educational experience as independent variables representing internal resources.

$$Y_i = \beta_0 + \beta_1 DSA + \beta_2 FSA + \beta_3 CSA \text{ (ii)}$$

Model (ii) was used to test the relationship between university performances (Yi) as dependent variable and differentiation strategy, focus strategy and cost leadership strategy as independent variables representing strategy types.

In order to perform mediation analysis, the following steps developed by Baron and Kenny had to be taken (Otuya Willis, 2019).

1.   Demonstrating that internal resources significantly predict university performance.

2.   Demonstrating that internal resources significantly predict strategy types

3.   Demonstrating that strategy types significantly predict university performance, when controlling the internal resources.

4.   Confirming that the direct effect of the relationship between the internal resources and university performance is reduced with the presence of the mediator.

4. RESULTS

4.1 Descriptive statistics

Out of 499 students that answered the questionnaire, 59 (11.8 percent) were postgraduates and 440 (88.2 percent) undergraduates. Of the 499 respondents, 257 were female and 242 were male. The mean age for the students is 26, with the minimum age being 17 and the maximum being 53 years old. 222 respondents representing university 1, 157 respondents representing university 2, 83 respondents representing university 3 and 37 respondents representing university 4.

4.2 Inferential Statistics

The study conducted multiple regression analysis to test the relationship between internal resources and university performance, and between strategy types and university performance. Since data was collected using a likert scale questionnaire, with multiple indicators for each construct, a composite score had to be computed (Boone & Boone, 2012). The following composite scores were produced, HRA (human resource), MKA (Marketing), RPA (Institutional reputation), EEA (Educational experience), DSA (differentiation strategy), FSA (focus strategy), CSA (Cost leadership strategy) and UPA (university performance). Descriptive statistics were performed and all characteristics confirmed the data to be suitable for further analysis, such as regression analysis. The results of the descriptive statistics are presented in Appendix1. The assumptions of the regression analysis were also confirmed as presented by the scatter plots (linearity), Durbin-Watson (autocorrelation), residual plots (homoscedasticity), histograms (normality of residuals), and Value inflation factor

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(multicollinearity). Selected results are presented in table 2 and 3, the rest of the results are attached as appendices (see Appendix 1).

The regression analysis results between internal resources and university performance show that the coefficient of determination R^2 is equal to 0.527 (52.7% of university performance is explained by the internal resources) the results indicate there is a positive and significant relationship between all the four internal resources and university performance. The Durbin-Watson value fell with the acceptable range of 1.5 to 2.5, indicating that there is no serious autocorrelation in the residues (De Beer & Swanepoel, 1989). Therefore, H_1 was accepted. The regression analysis results between strategy types and university performance show that the coefficient of determination is R^2 is 0.484 (48.4% of university performance is explained by strategy types), and the Durbin-Watson value fell within acceptable range. The results also indicates that two out three strategy types, namely differentiation strategy and focus strategy had a positive and significant relationship with university performance. The relationship with cost leadership strategy was insignificant. Therefore, H_2 was partially accepted.

Table 2: The Regression Model Coefficients (Internal resources and university performance)

Model	Variable	Unstandardized Coefficients		Sig.	95.0% Confidence Interval for B	
		Coefficient	Std. Error	P-value	Lower Bound	Upper Bound
1	(Constant)	1.018	0.122	0.001	0.778	1.259
	HRA	0.409	0.045	0.001	0.321	0.498
	EEA	0.129	0.046	0.005	0.039	0.219
	RPA	0.094	0.032	0.003	0.032	0.157
	MKA	0.114	0.032	0.001	0.052	0.176
	R^2			0.527		
	Sig.			0.001		
	Durbin-Watson			1.865		
a Dependent Variable: **UPA**						

Survey data

Table 3: The Regression Model Coefficients (strategy types with university performance)

Model	Variable	Unstandardized Coefficients		Sig.	95.0% Confidence Interval for B	
		Coefficient	Std. Error	P-value	Lower Bound	Upper Bound
1	(Constant)	1.255	.109	.000	1.041	1.469
	DSA	.482	.055	.000	.374	.589

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	FSA	.114	.045	.012	.025	.203
	CSA	.075	.046	.105	-.016	.166
	R^2			0.484		
	Sig.			0.001		
	Durbin-Watson			1.703		
a Dependent Variable: **UPA**						
b. Predictors: (Constant), CSA, FSA, DSA						

Survey data

To test hypothesis 3, 4 and 5, the study conducted mediation analysis between the four observed variables of the internal resources on university performance, through each of the strategy types [Differentiation (DSA), Focus (FSA) and Cost leadership (CSA)] as mediators. Selected results are presented in Table 4, and the detailed results have been attached as appendices (see Appendix 2).

The results revealed a significant indirect effect of human resource (HR) through differentiation strategy (b= 0.2039, t = 3.913). This study found an insignificant indirect effect of human resource on university performance through focus strategy and cost leadership strategy given, (b = 0.0560, t = 1.951,) and (b = 0.168, t = 0.575,) respectively. Therefore, it can be said that only differentiation strategy has a partial complementary mediation effect on the relationship between human resource and university performance.

The results revealed a significant indirect effect of educational experience (EE) through differentiation strategy (b= 0.2622, t = 5.254), and focus strategy (b = 0.0676, t = 2.268). This study found an insignificant indirect effect of educational experience on university performance through cost leadership strategy given (b = 0.0164, t = 0.510,).

The results revealed a significant indirect effect of university reputation (RP) through differentiation strategy (b= 0.1750, t = 6.048). This study found an insignificant indirect effect of university reputation on university performance through focus strategy and cost leadership strategy given, (b = 0.0373, t = 0.1781) and (b = 0.0224, t = 1.1667) respectively.

The results revealed a significant indirect effect of marketing (MKA) through differentiation strategy (b= 0.1566, t = 5.2905). This study found an insignificant indirect effect of marketing on university performance through focus strategy and cost leadership strategy given, (b = 0.0341, t = 2.0059) and (b = 0.0180, t = 1.0465) respectively.

Table 4: Mediation Analysis Output

Variable	Total Effect	Direct Effect	Relationship	Indirect Effect	Confidence Level		t-statistic	Conclusion
					LB	UP		
HR	0.5950 (0.000)	0.3186 (0.000)	HRA on DSA	0.2039	0.1003	0.3058	3.913	Partial mediation
			HRA on FSA	0.0560	-.0001	0.1134	1.951	Insignificant
			HRA on CSA	0.0168	-.0391	0.0743	0.575	Insignificant

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EE	0.5484 (0.000)	0.2021 (0.000)	EEA on DSA	0.2622	0.1652	0.3614	5.254	Partial mediation
			EEA on FSA	0.0676	0.0086	0.1254	2.268	Partial mediation
			EEA on CSA	0.0164	-0.0445	0.0809	0.510	Insignificant
RP	0.3537 (0.000)	0.1189 (0.000)	RPA on DSA	0.1750	0.1223	0.2356	6.048	Partial mediation
			RPA on FSA	0.0373	-.0038	0.1134	0.1781	Insignificant
			RPA on CSA	0.0224	-.0143	0.0618	1.1667	Insignificant
MKT	0.3640 (0.000)	0.1553 (0.000)	MKA on DSA	0.1566	0.1021	0.2180	5.2905	Partial mediation
			MKA on FSA	0.0341	-.0002	0.0672	2.0059	Insignificant
			MKA on CSA	0.0180	-.0170	0.0510	1.0465	Insignificant

Survey data

Given the above results, H_3 was rejected, H_4 was accepted and H_5 was partially accepted.

5.   DISCUSSION

This study investigated the mediating effect of the three strategy types (differentiation, focus and cost leadership) on the relationship between internal resources and university performance for 4 universities in Zambia. The study established a positive and significant relationship between internal resources and university performance. This indicates that internal resources such human resources, educational experience, reputation and marketing are drivers of performance. These results confirm the preposition of the resource based view (Barney, 2001; 1991), that internal resources can help a firm achieve and sustain competitive advantage. Authors, such as (Sánchez-Chaparro et al., 2020; Mainardes et al., 2011; Mazzarol & Soutar, 1999) argue that distinctive competences in HEIs come from their internal resources, including, human resources, reputation, physical structures, programmes offered to mention a few. The study also found a significant relationship between differentiation strategy and university performance, both as a direct effect and an indirect effect (mediator). These findings align with (Alzoubi & Emeagwali, 2016), Edina who found that differentiation strategy had a significant influence (although weak) on university performance. Further, (Mateus & Acosta, 2022) assert that reputation is important as it ensure an institution's differentiation strategy. The study revealed that focus strategy had a positive and significant direct effect on university performance and indirect effect on the relationship between one internal resource (educational experience) and university performance. These findings are, to a small extent, consistent with (Alzoubi & Emeagwali, 2016), becaues, their study found that focus strategy had the strongest influence on university performance. This suggests that universities can use focus strategies to serve niche markets. The findings complement existing studies advocating for focus strategies. Finally, the findings reveal that cost leadership had no significant direct or indirect effect on university performance. These results are also consistent with the findings of (Alzoubi & Emeagwali, 2016), who found that cost leadership had no significant influence on university performance. Pulaj et al., (2015) also

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argues that low cost strategy is difficult to implement in dynamic environments. These results suggest that adopting cost reduction strategies can affect the quality of service offered.

6. CONCLUSION

The study reveals that university performance is influenced by both direct effects of internal resources, and indirect effects through differentiation strategy. Focus strategy indicated limited indirect effect on university performance and cost leadership strategy no effect at all. The findings suggest that, through differentiation strategies, universities can create unique offerings and experiences to enhance university performance. Universities can tap into niche markets using educational experience resources to enhance university performance. However, cost leadership appears to be an ineffective strategy in the context on the universities under study.

The implications for this study are that university leadership should harness internal resources and align their strategic plans towards differentiation and focus strategies. The limitation of the study is that it relied on only students as respondents, and it did not assess the effect of institutional type. Future studies could explore other potential mediators, such as institutional type, as well as increasing the number of universities to ensure generalizability.

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