Volume 34.2 2015

Africa Journal of Evangelical Theology

ISSN 1026-2946

Africa Journal of Evangelical Theology

Subscription Services: Email: ajetjournal@scott.ac.ke.

Subscription Information: Subscription rates and ordering procedures are published on the inside back cover. Information can be downloaded from our website: www.scott.ac.ke. Or email: ajetjournal@scott.ac.ke

Purpose: *AJET* is published twice a year by Scott Christian University, a chartered private university in Kenya, in order to provide theological educators and students with evangelical articles and book reviews related to Christian ministry in Africa.

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AJET is indexed in *Christian Periodical Index*; *New Testament Abstracts* (Cambridge MA); *Religion Index One: Periodicals*, published by the American Theological Library Association, Chicago; *Theology in Context* (Institute of Missiology, Germany); and in *DIALOG Abstracts* (Cambridge MA). *AJET* is indexed in the ATLA Religion Database, published by the American Theological Library Association, 300 S. Wacker Dr., Suite 2100, Chicago, IL 60606, E-mail: atla@atla.com, Website: http://www.atla.com/.

***AJET* is now on-line at:** http://www.biblicalstudies.org.uk/articles_ajet-03.php

Financial Sustainability in Christian Higher Education in Africa

by Benjamin Mwange Musyoka

Abstract

Like many other private and public institutions of higher learning around the world, many Christian Bible colleges, seminaries, and universities in Africa face financial instability for a variety of reasons, including globalization, increased competition leading to lower enrollment, and reduced donations from traditional sources leading to increased competition for charitable donors. Providing higher education has, in some ways, evolved into an industry, like tourism or real estate, but it remains different in other ways. This article discusses strategies for enhancing the viability and competitiveness of Christian institutions of higher learning, including strategic alliances. The paper concludes with five recommendations for moving towards financially stability.

Introduction

Traditionally, Christian institutions of higher learning have operated as not-for-profit organizations funded mainly by their founding denominations or mission organizations and individual donors. However, with increased competition in higher education and growing donor fatigue, these institutions are increasingly under-staffed and under-funded, often operating without consistent and reliable sources of funding.

This problem is not limited to Christian institutions. All institutions of higher learning, both private and public, face this reality. Governments worldwide are cutting back on their university education spending and instead are encouraging their institutions to find additional ways of generating resources in order to shift part of the cost from taxpayers.[1]

Africa in particular is facing unprecedented demand for higher education and growth in enrollment in higher institutions of learning. This growing demand far outstrips the countries' economic growth and the capacity of governments to keep pace in providing financial support to public institutions of higher learning. There is also a growing realization by traditional donor agencies that "pouring financial aid into Africa as an approach to improve the impoverished nature of the continent is in fact having the opposite effect".[2]

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[1] Roger Bennett, "Competitor Analysis Practices of British Charities", in *Marketing Intelligence and Planning*, 21(6), (2003): 335-345.

[2] Ken Turnbull, "Discipling Africa through Higher Education: A Proposal for an African Christian Education", in *Mission Frontiers*, Nov.-Dec. 2011: 12-18.

Professor Thairu, the former Chairman of the Commission for Higher Education in Kenya noted that:

> Universities the world over are operating in increasingly challenging environments. Such environments are characterized by financial uncertainty caused by limited government support and increasing competition among other higher education providers and varied modes of delivery. It is a well documented fact that proliferation of provision and product diversification has resulted in an increase in the choice for the higher education customers and a growing awareness among providers that survival in such environment requires appropriate marketing responses.[3]

As a result of these challenges, individual universities are coming up with creative and non-traditional strategies of diversifying their income generation internally. What is happening in Ethiopia is a good case in point showing the trend among many other African countries. In a 2010 study among eight Ethiopian public universities, it was found that the main revenue diversification strategies they adopted included the admission of privately sponsored students, the use of extension studies and distant learning, short-term training seminars, commercialization of staff and student services, crop and livestock farming, furniture workshops, as well as leasing and renting university buildings and any idle land.[4]

Coupled with shrinking traditional sources of funding of university education, is the challenge of globalization that has resulted in increased student mobility, staff exchange, and an increasingly international dimension to the curricula in the institutions of higher learning. Students no longer feel compelled to study in a given institution or country unless what that institution offers is packaged attractively and is student friendly in terms of cost, convenience, and mode of delivery. The increasing quality of university education in developing countries such as South Africa, South Korea, China, India, Mexico, Brazil, and many others is giving students many options beyond the traditional Western countries, and the institutions that have traditionally operated under Western patronage in the developing countries.[5]

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[3] Kihumbu Thairu, "Message from the Chairman", In *The Fourth Exhibition by Universities: The University as a Catalyst for Development*, (Nairobi: Commission for Higher Education, 2006). Prof. Kihumbu Thairu was Chairman of the CHE from 2004-2010. Prof. Thairu Henry Moses currently chairs the commission under its new name, the Commission for University Education.

[4] Waweru K. Munyua; Sewale Abate; Guyo S. Huka, and Shano M. Dawe, "Financing Higher Education in Africa: A Case of Ethiopia Public Universities Revenue Diversification Strategies", in *International Journal of Business and Public Management*, 1(1) (2010): 15-21.

[5] Ebubekir Koc, "Extended Review of Shakespeare, Einstein and the Bottom-line: The Marketing Mix of Higher Education", in *On the Horizon*, 14(1) (2006): 19-21.

There is also a marked increase in competition among the institutions of higher learning for students and for funding from businesses, foundations and individual donors. This competition is intensified by the increase of not-for-profit organizations started in response to needs created by decreased government spending, not only in public education but also in many social services.[6] The pursuit of market-driven strategies for delivering university education has become an obsession for public and private institutions of higher learning including Christian institutions.

Bracing for Competition and Survival

Two main challenges have slowed the progress of Christian institutions of higher learning toward sustainable financial stability. The first is their inability to consistently attract adequate resources from the donor community that would enable them to expand their facilities and services. The second one is low student enrollment in theological and ministerial academic programs.[7] In the past, Western Christian churches and mission organizations heavily subsidized these programs as a way of investing in leadership development for churches and Christian institutions in Africa. The relatively few students attending these schools and the relatively low tuition fees they paid could not support the annual expenditures of these institutions.

This is no longer the case. Christian institutions of higher learning are finding themselves with no option but to enhance their long-term financial sustainability by adopting strategies that enable them to recruit more students, rejuvenate donor interest and funding while at the same time trying to reduce their operating costs without compromising academic standards.

"All providers of higher education today inhabit a more competitive world where resources are becoming scarcer, but at the same time they have to accommodate increasing demand from the local community as well as changing expectations".[8] Particularly, financial constraints on these institutions are forcing many universities and their host nations to aggressively seek ways to attract students locally and internationally.

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[6] Bennett, "Competitor Analysis Practices of British Charities", 335-345.

[7] Most of the Christian institutions of higher learning in Africa started as seminaries or Bible schools run by Western missionaries. But after political independence and the subsequent clamor for Africanisation of national leadership, many of the missionaries handed over the institutions to African leaders who did not have Western churches and mission organizations to support them. Suddenly these institutions found themselves financially unsustainable, and many have opted to diversify their academic programs to attract a broader spectrum of students.

[8] K. Mok, "The Quest for World-class University", in *Quality Assurance in Education*, 13(4), 2005: 279.

The education sector has evolved into an industry in the same category as tourism, manufacturing, or real estate. As far back as June 1999, "the UK government launched an initiative to attract additional 50,000 international students to UK higher education by 2005 and to win the market share from its major competitors, the US and Australia".[9] At the time, foreign students in the US contributed over $12 billion annually to that country's economy.

Christian institutions of higher learning, especially in Africa, have become key players in this globalization process, competing for resources from charitable organizations and for students. The students themselves feel increasingly free to move across international borders in search of education and relevant training for Christian ministry and service.

A 2003 study among the British not-for-profit organizations found that, "In addition to charities competing against each other, the public sector as a whole was beginning to compete against charities for donor sympathies, as hospitals, universities and schools increase their independence from the state".[10] In the same way, Christian institutions of higher learning worldwide are not only competing with one another locally and globally, but also competing with public universities since all of them are attempting to diversify and expand the scope of their training to attract more students and more funding from tuition.

Market Orientation in Higher Education

Universities have come to grips with the reality that the provision of higher education is a service to be marketed just like services and products offered in the business world. In an environment where education is becoming global in nature, students have broader choices and there is greater competition among educational institutions:

> The higher education market is becoming increasingly dynamic and competitive. Consequently, one can say with confidence that it is no longer sacrilege to mix the words marketing and customer with university education.[11]

However, most universities have tended to use either the product philosophy of marketing or the selling philosophy of marketing. The product orientation assumes that offering high quality, high performance, or innovative products is what customers need or want - hence the expert or ivory tower symbol of universities. Those following this kind of approach pride themselves on being centers of academic excellence, but their definition of excellence is internally determined and is assumed to be what customers need.

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[9] Koc, "Extended Review of Shakespeare, Einstein and the Bottom-line", 65.
[10] Bennett, "Competitor Analysis Practices of British Charities", 335.
[11] Koc, "Extended Review of Shakespeare, Einstein and the Bottom-line, 19.

However, with increased challenges of globalization of higher education, the more popular approach seems to be the selling philosophy of marketing. This is about achieving a critical mass of publicity and public awareness of the universities' offerings:

> It is about projecting the right image, providing university information and maintaining a steady or increasing stream of applicants through a range of strategies that include advertising, public or external relations, direct promotion and personal selling.[12]

But this hard sell approach does not necessarily produce the expected results because it does not help to counter any negative feelings, sentiments or attitudes that potential students and other potential stakeholders may have about an institution. While students may be seen as customers or clients in need of routine information or expert guidance, they are more than that, and what they feel they need as customers or clients may not necessarily be what the conventional wisdom of higher education dictates. "The middle ground position is that students have a lot to contribute to the educational process. Delivering educational programs that ignore this fact becomes an exercise in imposition and deception".[13] Universities must listen to the needs of prospective students, employers, and their society to tailor academic programs that meet those needs.

Strategies for Enhancing Viability and Competitiveness

The formulation of an institution's competitive strategy begins with identifying the forces affecting competition in an industry or sector followed by identifying the institution's strengths and weaknesses relative to the sector, as well as taking into consideration the broader societal expectations. In short, a competitive strategy is not really about competition but a definition of the long-term direction of an institution; a description of the scope of the institution's activities; a description of what the institution should be and do in order to sustain a unique distinctiveness among its existing or anticipated competitors; a reflection of anticipated changes in the sector; and a statement of values and expectations of the stakeholders.[14]

To cope with the challenges of globalization in higher education and the increased competition both for students and for donor funding, institutions of higher learning have generally adopted a number of strategies which include: carrying out comprehensive curriculum review

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[12] Felix Maringe, "Interrogating the Crisis in Higher Education Marketing: The CORD Model", in *International Journal of Educational Management*, 19(7), 2005: 566.

[13] Maringe, "Interrogating the Crisis in Higher Education Marketing, 568.

[14] Gerry Johnson, Kevan Scholes, Richard Whittington, *Exploring Corporate Strategy*, 7th ed. (Harlow, Essex, UK: Financial Times Prentice Hall, 2005), chapter 5 "Business-Level Strategy".

and diversification to align programs with the trend toward globalization, a knowledge based economy, and cultural diversity; positioning as international players in higher education with teaching and research intended to benefit the international community and not just to meet the expectations of the local context; adopting role differentiation by moving from being comprehensive in teaching and research to identifying specific areas that the universities within which to make unique contributions and then concentrating resources on those areas; and engaging in collaboration with other institutions and sharing resources to enhance global competitiveness.[15]

But since the main objective of universities is to ultimately attract more students in order to ensure long-term financial viability, more attention is usually given to student recruitment through aggressive marketing of programs and at the same time ensuring that the programs are tailored to meet the needs of the students. Students tend to select institutions of higher learning on the basis of the perceived quality and reputation of the institutions and especially the extent of recognition the institutions enjoy in their own countries. But equally important is the cost as well as the perceived usefulness or utility of the degrees offered by the institutions.[16] Thus Christian institutions of higher learning that do not project a public image of quality and distinctiveness are unlikely to attract students even though they may have excellent academic programs.

Strategic Alliances

A strategic alliance may be defined as an arrangement where two or more institutions share resources or activities so that they may excel in their area of collaboration. Alliances make it possible for institutions to access academic resources, skills, innovation, finances or markets through cooperation rather than through ownership and hence attaining the critical mass needed for growth and long-term sustainability. Forming partnerships with providers of complementary services helps in reducing cost and improving service delivery. It also allows for co-specialization with each partner concentrating on activities that best match their capacities. In addition, alliances help to meet the need to learn from partners.

Usually the types of alliances that are common with institutions and businesses include joint ventures on programs like research, publishing, staff development; networks which are basically arrangements whereby two or more organizations work in collaboration for their mutual benefit;

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[15] Mok, “The Quest for World-class University”, 277-304.

[16] Marilyn Russell, “Marketing Education: A Review of Service Quality Perceptions among International Students”, in *International Journal of Contemporary Hospitality Management*, 17(1), 2005: 65-77.

and franchising where the franchise holder undertakes specific activities like manufacturing, distribution or selling while the franchiser is responsible for the brand name, marketing and probably training. This relationship may also involve licensing where the right to make a patented product is granted for a fee.[17]

This is a strategy that many small Christian Bible schools and colleges should consider in order to enhance their financial sustainability. But the main stumbling blocks to a strategic alliance are fear to venture into the unknown, partisan interests, or the sheer selfishness of institutional and denominational leaders. Instead of pursuing productive initiatives, many small Bible Colleges have tried to become universities on their own or have simply chosen to remain small and hope for a miracle to survive.

Of course for any institutions to enter into strategic alliances, they need to have clear, compatible, strategic objectives. They should have clear performance expectations, clear goals and organizational arrangements. Trust is the most important ingredient that contributes to success. This trust could be competence based where each partner believes the other has the competences and resources to fulfill their part in the alliance. The trust could also be character based, where the institutions trust each other's motives, and are also "compatible in terms of attitudes to integrity, openness, discretion and consistency of behavior".[18]

It is understandable that competition is not part of the daily language used by Christian institutions and charitable organizations, but in practice, many of them compete for the limited resources that they use to provide their services. Christian institutions in particular are intensely involved in competitive activities in response to pressure that has been building on them to expand their services and to become self-sustaining, at least in their day to day operations.

Christian institutions of higher learning have often been viewed as charitable organizations because they depend, to a large extent, on voluntary donations and grants mainly from private funding institutions and individual well-wishers to financially sustain their services and operations. In research conducted in 2003 involving 134 British charities, the idea that they were in competition among themselves was either suspect or strongly opposed. The general feeling was that "Not-for-profit or charitable organizations tend to see other charities not as competitors but as fraternal organizations working in the same general sphere".[19] The study found that the strong sense of collective identity where charities perceived

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[17] See chapter 7 "Directions and Methods of Development" in Johnson, Scholes, Whittington, *Exploring Corporate Strategy*.

[18] Johnson, Scholes, Whittington, *Exploring Corporate Strategy*, 357.

[19] Bennett, "Competitor Analysis Practices of British Charities", 339.

themselves as belonging to a larger group of philanthropic organizations created a feeling of community and a desire to cooperate rather than compete. This same altitude is generally held within Christian institutions and within the society at large. Many people do not expect Christian institutions to compete amongst themselves or with other institutions in the education sector. But in practice, they have to employ strategies and activities that are competitive in nature. Yet often, when they engage in aggressive resource mobilization activities, they risk being perceived negatively by those who have not come to grips with the realities of the changing Christian higher education dynamics.

Christian institutions of higher learning tend to follow the same kind of thinking and practice as charitable organizations even though the two are not quite the same. Charitable organizations exist mainly to provide services to the under-privileged and the disadvantaged or to provide services intended for the common good.[20] On the other hand, Christian institutions of higher learning exist to provide education and training that targets current or potential religious leaders or community influencers for the purpose of propagating or upholding the institutions' religious beliefs and values. As such they are not charitable organizations in the usual sense of the word 'charity'. Graduates of Christian institutions of higher learning may provide leadership to charitable organizations, but that does not make the institutions charitable organizations.

The reality is that there is a greater need for Christian institutions of higher learning to be more business-minded and market-sensitive than charitable organizations. Very likely there is going to be greater pressure for institutions to compete as Lettieri, Borga, and Savoldelli noted:

> The non-profit sector is at present involved in a deep renewal process. Non-profit organizations are required to deliver tailored and high-quality services in order to overcome environmental complexity and scarcity of resources. In this context, non-profit organizations are being called to reengineer their core processes and organizational paradigms.[21]

Not-for-profit institutions that are market oriented in relation to fundraising are also market oriented when they offer their services to the beneficiaries. Quality service and beneficiary satisfaction almost always tend to be correlated positively with the market-orientation.[22]

[20] Bennett, "Competitor Analysis Practices of British Charities", 335-345.
[21] E. Lettieri, F. Borga, and A. Savoldelli, "Knowledge Management in Non-profit Organizations", in *Journal of Knowledge Management*, 8(6), 2004: 16.
[22] Roger Bennett, "Competitive Environment, Market Orientation, and the Use of Relational Approaches to the Marketing of Charity Beneficiary Services", in *Journal of Services Marketing*, 19(7), 2005: 453-469.

Conclusion and Recommendations

In view of the strategies identified and discussed, the following conclusions and recommendations are made. First, since students in Christian institutions of higher learning have become the main source for funds to cover operational expenses, as a matter of priority, aggressive student recruitment by professional staff should be carried out using a mix of marketing techniques.

Second, in addition to the low cost strategy used by Christian institutions of higher learning in order to attract students, such schools should include quality facilities and market-sensitive academic programs. This strategy should be coupled with an emphasis on fewer, but higher quality staff who are well remunerated and motivated in order to attain the lowest possible cost in operational expenses without compromising educational quality.

Third, Christian institutions of higher learning, assuming that they have a shared sense of divine calling and purpose, should avoid a duplication of efforts through offering similar programs and targeting the same group of potential students. The institutions should embrace collaboration and adopt differentiation strategies by creating programs that are perceived to be unique and valued by their potential customers. Ultimately, it is the value ascribed to the programs by the customers that determines whether they will pay for them or not.

Fourth, Christian institutions of higher learning should deliberately reduce their dependence on donor funding for recurrent expenditure. Such funding has become increasingly unpredictable and will most likely continue to shrink considerably in the future. The institutions should only seek donor funding for income generating projects and programs. Professional fund developers, as opposed to fundraisers, should be hired rather than relying on staff trained in other fields.

Fifth, Christian institutions of higher learning need to establish strategic alliances that would enable them to access and share academic resources, physical facilities, expertise, innovations, finances or markets through cooperation. Student exchanges and joint programs in which students cover part of the curriculum in one institution and complete the rest of the coursework in another need to be encouraged, depending on which institution owns which facilities. Staff exchanges and collaboration needs to be encouraged especially in the areas of joint research, and collaborative teaching.

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