

**COMPETITIVE STRATEGIES ADOPTED BY PRIVATE
SECONDARY SCHOOLS IN KENYA: A CASE STUDY OF
MOMBASA COUNTY**

BY

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DECLARATION

This Research Paper is my original work and has not been presented for a degree in this or any other University.

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This research project has been submitted for examination with my approval as the university supervisor

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I wish to thank the Almighty God for his grace for seeing me through this experience

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May God bless you all.

DEDICATION

I dedicate this project to my family, my loving husband Philemon and our children Samuel and Anath

ABSTRACT

Strategy is an essential part of any effective business plan. By using an effective competitive strategy, a company finds its industry niche and learns about its customers. Porter asserts there are three basic businesses strategies –differentiation, cost leadership, and focus – and a firm performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage. In Kenya the Education sector is one of the sectors that have experienced increased growth in the recent past, thus the purpose of this study is to examine the relationship between competitive strategies adopted and performance as well as the challenges experienced while pursuing this strategies of private secondary schools in Mombasa. The study used the census survey method to assist in achieving the objectives of the study. The population consisted of all the 43 private secondary schools in Mombasa County as at May 2011. Primary data was gathered using questionnaires administered to the directors or the head of the schools. Out of the 43 schools targeted, 30 responded by filling the questionnaires. This formed 69.7% response rate thus considered suitable for analysis. To achieve the study objectives, respondents were issued with a number of competitive strategies and were required to score on a 5-point likert scale the extent to which the strategies were adopted by their schools. The study scope allowed for cost leadership, differentiation, focus and combination strategies that formed the conceptual framework of the study. In addition they were supposed to rate their performance in relation to their competitors using total revenue growth, total assets growth, net income growth, market share growth and overall performance. The study used descriptive and inferential statistics to arrive at a more in-depth profile in establishing the link between competitive strategies adopted and firm performance indicators. The choice of a competitive strategy is critical for the survival and success of any company. However, in order to gain competitive advantage, firms need to build and adopt the right strategy especially in this increasingly competitive environment. Based on the findings, it can be concluded that the private schools in Mombasa County in Kenya have moderate usage of cost leadership and differentiation strategy with significant variations in their adoption. Cost leadership is considered quite important by all the schools surveyed. In overall, all strategies were moderately in use by the private schools. The schools do not maximize on the usage of differentiation strategies which are key in improving their long term competitiveness and performance. They should venture more into strategies which aim at building long term competitiveness such as offering high quality services and offering better terms of service to staff so as to reduce staff turnover

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CHAPTER ONE

INTRODUCTION

1.1 Background

Researchers have determined to view companies as autonomous entities, striving for competitive advantage from either external sources, or from internal resources and capabilities (Gulati et al 2000). Firms are environment dependent and environment serving and therefore any changes in the environment shape opportunities and challenges facing them. A key question in strategy research is how to come up with a strategy which in itself is a source of competitive advantage. Strategy is about ensuring the survival and prosperity of a firm (Grant, 2005) by implementing strategies to fulfill stakeholders' expectations in an uncertain future. A competitive strategy outlines how a business unit competes within its industry (Parnell, 2008). The old competitive strategies of invention and mass production no longer work in an increasingly turbulent business environment. Successful firms are implementing the new competitive strategies of continuous improvement and mass customization- a dynamic flow of goods and services via a stable set of processes.

The primary objective of managers of profit seeking organizations is to maximize the performance of the firm over time (Treyner 1981).How to succeed in today's rapidly changing competitive environment is a question weighing heavily on many a manager's mind. Everything seems to be changing – Markets, customer demands, technologies

global boundaries, products and processes. In the midst of this seemingly overwhelming change, managers are being asked to make critical competitive decisions that will affect not only the present position of their firm (the legal or competitive entity) but also its future success. Much to their dismay, however, many managers are finding out sometimes the hard way that it is a different game, and the old rules do not apply anymore and therefore managers with strategic responsibility for commercial businesses are ultimately concerned with the quest for sustainable advantage in today's rapidly competitive environment, new strategic responses are required that most managers may have never thought possible.

Firms that engage in strategic planning and have appropriately designed and applied competitive strategies tend to have higher performance than those that do not. Competitive strategies can lead to high organizational performance, customer satisfaction and increased competitiveness in the face of other rival businesses. However, achieving competitive advantage and increased market share in a competitive environment is rather complex in several aspects as businesses would need to operate with distinguished principles and characteristics in order to continually adopt to change. (Grant, 2005)

In recent times, economic activities in terms of both contribution to the gross national product and employment have witnessed dramatic shift from manufacturing activities to service activities. The growth of the service sector has been noted in different economies across the globe. The Education sector in many countries is a major component of the service driven economy. Education is coming to recognize the need to pursue the sources

of quality and to deliver it to students. The sources of quality in education are said to include, in an appropriate combination, well maintained buildings, outstanding teachers, excellent results, specialization, parental support, business and local community, plentiful resources, the application of the latest technology strong and leadership, well balance curriculum (Alison, 2010).Entrepreneurs in schools have continuously implemented education changes to improve educational quality. These changes included, innovative school based curriculum with activities and new teaching approaches, school improvements plans and shared decision making among principals ,teachers, parents and students.

The intensifying competition on performance among secondary schools in Kenya is a great challenge for strategic management. This competition has been driven by the quest for quality education and the limited number of entry spots to public universities. Good scores enhance the reputation of performing secondary schools. For any secondary school to succeed in a competitive environment, it has to be driven by leaders who can inspire the workforce with a vision of being the best in the market. As a matter of fact, Kilavuka (2007) in her studies, concluded that without core competencies, drive and commitment, from management and employees, sustained success in the environment is impossible.

1.1.1 Competitive Strategies

Porter (1980) defines competitive strategies as “deliberately choosing a different set of activities to deliver a unique mix of value.” These activities are the basis of competitive advantage. The essence of formulating competitive strategy is to relate a company to its environment .Again according to Porter (1985) competitive methods are actions taken or

resources used in the overall strategy development process and are increasingly important to managers seeking to increase the performance of their firms. Day and Wensley (1988) argue that competitive methods consist of skills and resources that are available for use by firms in a competitive industry. They define superior skills in terms of staff capability, systems or marketing savvy not possessed by a competitor. A superior resource is defined in terms of physical resources that are available to help strategic implementation. Examples include operating scale, location, and comprehensiveness of a distribution system, brand equity or manufacturing or processing assets. They conclude that establishing a generic strategy based on positional advantage in the market place will provide a firm with superior performance.

The key aspect of the firm's environment is the industry or industries in which it competes. The strategic choices available to the firm depend on the company's capabilities and its position in the market place. This involves consideration of four key factors that determine the limits of what a company can successfully accomplish. The internal limits are the company's overall strengths and weaknesses which are its profile of assets and skills relative to its competitors. The external factors limit the range of a company's strategic decisions and this include competitive environment and the societal expectations in which it operates. (Prahalad and Hamel, 1990),

For a resource or capability to establish a competitive advantage, it must be scarce and relevant. Meaning, they must assist the firm in creating value for its customers or in surviving competition. Porter (1985) identifies three basic sources of competitive advantages: - Cost leadership, differentiation and focus. These strategies grow out of the

value a firm is able to create for its customers. The ability to implant a cost leadership, differentiation or focus strategy is dependent on a firm's ability to develop a specific set of competitive methods; this becomes the basis for the achievement of above average industry performance. Hanel and Prahalad (1994) argue that fewer competitive advantages are a bit like getting a hot tip on a stock; the first person to act on the insight makes more money than the last. Keeping a score of existing advantages is not the same as building new advantages. The essence of strategy lies in creating tomorrow's competitive advantage faster than competitors. The key question here is "Are you able to provide customers with what they want, or need better or more effectively than competitors?"

According to Porter (1980) strategy in business is concerned with superior performance and any strategy that does not bring about superior performance is not a well formulated strategy. In addition, Porter (1985) states that today are dynamic markets and technologies have called into question of the sustainability of competitive strategy. In order to improve on productivity managers have embraced tools such as total quality management, benchmarking and reengineering. As managers push to improve on all fronts they move further away from competitive positions. It is important therefore to understand that the essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match.

1.1.2 Private secondary schools in Kenya

The demand for education services is rising at a faster rate than governments can supply—both in the industrial and developing countries. Secondary Education in Kenya has been set up through the Education Act under the laws of Kenya (Education Act, 1968). At the end of the four years in secondary school, learners are expected to have acquired skills and knowledge to help them move to the next level. In Kenya, the 8-4-4 system of Education was introduced in 1985 and this new system altered the structure of Primary and Secondary Education since many new courses were added to the curriculum and placed increased demands on schools already with limited resources. (Republic of Kenya,1985).

Secondary schools in Kenya fall into two categories; government funded schools also known as public schools and private schools. The public schools are further divided into national schools, provincial schools, district schools and constituency development funding schools (CDF). Private schools are run by private organizations or individuals.

Public school systems struggle to meet the demand for high-quality education as awareness of its importance increases. Most public schools are inadequately financed and the quality of education suffers from too many students and too few teachers per class, insufficient books and teaching supplies, poorly constructed schools, crumbling buildings, and aging infrastructure. (World Bank 2005).Private secondary schools in Kenya are generally high costs schools offering students an alternative system of education with better or more luxurious facilities compared to public schools. Some private schools in Kenya offer the British System of Education, very few offers the

American System of Education and a good number of them offer the Kenya System of Education. The management of private schools range from religious organization (church and Mosque), charitable trust or community group, individual group, individual proprietors to commercial companies.

1.2 Research Problem

Given the current uncertainty and surprising environmental turbulence in the global context, there is need to institutionalize flexibility and dynamism in planning and implementation of projects. No longer can any enterprise depend on historical trend without critically observing, analyzing and evaluating “surprising events and issues” which affect the known trend be it external or internal (David, 2003). Aosa (1992) states that strategy is creating a fit between the external characteristic and the internal conditions of an organization to solve a strategic problem. The strategic problem is mismatch between the internal characteristics of an organization and its external environment. The matching is achieved through development of organizations core capabilities that are correlated to the external environment. As Porter (1980) argues, it is important to establish a competitive advantage which is sustainable, meaning it is not easily eroded by environmental changes or imitated by existing potential competitors.

In Kenya, the Education sector is one of the sectors that have experienced increased growth in the recent past (Kilavuka 2007). This is seen through the increase in enrolment each year and also the government allocation of revenue in this sector. The main goal of educational organizations is educating students and this is true for both private and public

schools. In an article in the East African Standard (September 23,2000) it was stated that, our kind of education system is one in which examinations form a watershed between who can join a “good school” or be admitted to a competitive facility at the University. This makes passing national examination a very important element of schooling. Notwithstanding the expansion in the past several years, the capacity of the higher education sector in Kenya is still limited and accommodates only 7.5 percent of students graduating from secondary schools and 2 percent of the expected age cohort (Weidman, 1995). Between 1990 and 2000, it was reported that 180,000 of the students who attained a minimum entry qualification failed to gain admission to public universities (Kyotto, 2000). There access to higher education in Kenya is extremely competitive and students must earn a grade point average on the Kenya Certificate of Secondary Education significantly over and beyond the minimum eligibility requirement. Moreover, high ranking is usually a pride of most head teachers and for school entrepreneurs, this will attract more students to their schools and therefore increase profits (Oluoch, 2001).

The need for high performance has been driven by the quest for quality education. Private schools are perceived to be offering alternative teaching compared to public schools that seem to be crowded and have limited resources but this is not the case with private secondary schools in Mombasa. Even with improved physical resources, high teacher remuneration, trained staff, performance in private schools is still low. The Ministry of education has decided to upgrade two public secondary in each county to national schools. Mombasa County is not an exception. This has been done by the Ministry of Education through allocation of revenue of Ksh. 25 million to each public secondary

school selected for the improvement of infrastructure to a national level and to increase performance (GOK). This is a threat to entrepreneurs in Mombasa who have started private secondary schools to provide education services. Competition is therefore very stiff and it has become necessary for firms to develop competitive strategies to enable them achieve sustainable competitive advantage.

Recent studies carried out on competitive strategies include, Sophia (2007), Ogolla (2005) did studies in insurance industry, Ongaga (2006) studied on the petroleum industry, and Kilavuka (2007) carried out in primary schools in Nairobi. Other studies have focused on banking, transport, non-governmental organization and health. It is evident from this studies that firms in each respective industry adopt different competitive strategies which are unique in each market. Although research has been done on the education sector in Kenya, none has focused on strategies that have been adopted by private secondary schools in Mombasa County. The study seeks to determine the competitive strategies adopted by private secondary schools in Kenya, a case of Mombasa County and establish the kind of challenges they face as they pursue their identified strategies by answering the following questions:

- i) What competitive strategies have private secondary schools in Mombasa County?
adopted to cope with increasing competition in the education sector in Kenya?
- ii) Is there a relationship between the strategies applied and performance?
- iii) What challenges do these private schools secondary schools in Mombasa experience
in applying these competitive strategies?

1.3 Research Objectives

The objectives of this research are;

- i) To determine the competitive strategies adopted by private secondary schools in Mombasa
- ii) To determine whether there is a relationship between the strategies applied and performance
- iii) To establish the challenges of the competitive strategies adopted.

1.4 Value of the study

Future scholars and researchers as they may use the results as a source of references and areas to be identified for further study. The Ministry of education will find the information valuable for policy formulation and coordination of secondary schools

The Kenyan secondary schools in determining the effectiveness of the competitive strategies they are currently employing to compete. For school entrepreneurs and managers crafting strategies and reinforcing supporting strategic practices this will be used to attract more students to their schools and therefore increase profits. Schools heads in public schools will use this study to improve on their performance in national examination and will stand a chance of promotion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter basically discusses on the concept of strategy and competition in which this research proposal is centered on. Also, the concept of competitive strategy and how it brings about competitive advantage, generic strategies according to Porter (1980, 1985) are discussed. It further focuses on the challenges of competition to organizations.

2.2 The Concept of Strategy and Competition

Firms need strategies to be successful. It is often argued that strategies that a firm pursues have a major impact on its performance compared to that of competing firms. Strategy is therefore defined as an action that a firm takes to achieve one or more of its goals. For most firms the key goal is to achieve superior performance (Thomson& Strickland, 1998).According to (Prahalad and Hamel, 1990), Strategy is the management's game plan for the business. A good strategy can contribute to growth, profitability, and market penetration, and cost reduction, cutting edge differentiation of products and sustainable competitive advantage of business firms.

Mintzerberg (1991)viewed strategy as a plan, ploy, position and perspective .As a plan, strategy specifies consciously interrelated course of action of a firm, as a ploy, strategy is seen as a maneuver intended to outwit a competitor. As a pattern strategy is seen as a pattern emerging in a stream of actions .As a perspective, strategy consists of a position

and an ingrained way of perceiving the world. Ansoff (1965) defines strategy as the product market scope of a company. This refers to a decision of what to produce in the market. If the environment is stable; an organization can operate without changing its product-market focus. However, if the environment changes it would require changes in the organizations product market focus, that is, its strategy.

The essence of strategy formulation is coping with competition (Pearce and Robinson, 2005). Competition in an industry is rooted in its underlying economic and competitive forces exists that go well beyond the established combatants in a particular industry. Porter (1985) further argues that strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match. Competition in an industry continually works to drive the rate of return on invested capital toward the competitive floor of return. Competition in an industry is rooted in its economic structures, which must be better than the current competitors. (Thomson & Strickland, 1998). Porter(1998),observed that the state of competition in an industry depends on five basic competitive forces .These include; threat of new entrants, the bargaining power of buyers, bargaining power of suppliers, the threat of substitute products or services and rivalry among existing firms. He further argues that the five forces must not only be described but also be countered and overcome.

Strategy is required in order for an organization to obtain viable match between external environment and its core capabilities. Chandler, 1962).He further argues that the organization must continuously and actively adapt itself to meet the demands of an ever

changing environment through strategic fit which is a process of developing strategy by identifying opportunities in the business environment and adapting resources and competencies to create opportunities or capitalize on them.

2.3 Competitive Strategies

Johnson and Scholes (2009) defined competitive strategy as the bases on which a business unit might achieve competitive advantage in its market. Organizations achieve competitive advantage by providing their customers with what they want, or need, better or more effectively than competitors; and in ways in which their competitors find it difficult to imitate. Porter (1985) defined competitive strategy as being different. It means deliberately choosing to perform activities differently or to perform different activities better than rivals to deliver unique mix of value.

Competitive strategy is that part of the business strategy that deals with the managements plan for competing successfully on how to build sustainable competitive advantage, how to outmaneuver rivals, how to defend against competitive pressures and how to strengthen a firm's market position (Thompson and Strickland, 1998).A company's competitiveness can therefore be defined as its relative position in comparison with other companies in the local and global market place. Porter (1980, 1985) argues that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy which he defines as the development of an overall cost leadership, differentiation or focus approach to industry competit

Superior skills can be defined in terms of staff capability, systems or marketing savvy not passed by a competitor. A superior resource is defined in terms of physical resources that are available to help strategic implementation such as operating scale, location, comprehensiveness of a distribution system, brand equity or processing asset. The successful conversion of skills and resources into a unified set of competencies is the basis for a cost or differentiation strategy that succeeds in the market place. The bundle of competencies that a firm takes to the market place may be available to competitors (Barney, 1991; Mahoney & Pandian, 1992, Bharadwaj et al, 1993). Performance is a function of competitive advantage achieved by turning a scarce advantage resulting from superior skills and resources into competitive advantage (Day and Wensley, 1988).

Barney (1991) argues that a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy. He further suggests that those resources offering the sustainable advantage must have the following attributes: rare, valuable, inability to be imitated and inability to be substituted.

A customer must perceive some uniqueness in the offerings of the firm that is different from the competition. This uniqueness must be due to some resource capability that the firm possesses and competitors do not have. Also, this difference must be in some product or service attribute that is positive major buying criterion for the market (Coyne, 1986). In addition, (Barney, 1991).further argues that, sustainable competitive advantage

allows for the maintenance and improvement of the firm's position in the market .It is an advantage that enables business to survive over a long period of time. Such sustainable competitive advantage in an organization is evident through its unique competencies and capabilities, customer focus, dynamic strategy, innovation and finally through the firms organization and processes.

Werner felt (1984) discusses the resource based view of achieving sustainable competitive. This view holds that sustainable advantage can be achieved by continuously developing existing and creating new resources and capabilities response to rapidly changing market conditions. Among these resources and capabilities, networks, economy and knowledge represent the most important value-creating assets. The firm's opportunity to sustain the competitive advantage is determined by both the distinctive capabilities and the reproducible capabilities-and their unique combination the firm creates to achieve synergy

In order to sustain competitive advantage, a firm keeps learning how to do things better, and keeps spreading that knowledge throughout the organization. Learning provides the catalyst and the intellectual resource to create sustainable competitive advantage. (Day and Wensley, 1988).In addition, Prahalad and Hamel (1990) argue that corporate culture plays a key role in creating competitive advantage. The strengths of an organization's culture, is one of the most fundamental competitive advantages. A firm must however build and preserve an innovation –adept culture, a culture of commitment, and one where

employees passionately guard the organization's cause and mission, only then can a firm better positioned for success.

The ability to implant a cost leadership, differentiation or focus strategy is dependent on the firm's ability to develop setoff competitive methods. This becomes the basis for the achievement of above industry performance. Some contend that firms can follow cost leadership and differentiation strategies simultaneously (Murray, 1988; Hill, 1988). However, that issue remains unresolved. Indeed Miller (1992) argues that the pursuit of a pure generic strategy (i.e. a generic that does not mix emphasis on both cost and differentiation competitive methods), as compared to a hybrid strategy where firms place similar emphasis on both differentiation and cost leadership competitive methods simultaneously, is beneficial in markets where consumers exhibit strong preferences for either quality or price. He states that, "Pure cost leadership is more effective when customers are sensitive to price and when there is a fighting chance to maintain a cost advantage because of economies of scale, proprietary technology or unique access to cheap materials or channels of distribution" (Miller, 1992).

2.4 Porter's Generic Strategies

Strategy is an essential part of any effective business plan. By using an effective competitive strategy, a company finds its industry niche and learns about its customers (Porter, 1980). Porter (1985) asserts there are basic businesses strategies –differentiation, cost leadership, and focus – and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies

may offer a company the best chance to achieve a competitive advantage (Dess and Miller, 1993; Johnson and Scholes, 1993). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Ross, 1999). Porter purports companies must be competitive to become an industry leader to be successful both nationally and abroad and these strategies for gaining competitive advantage apply to all industries in most nations (Campbell-Hunt, 2000) While various types of organizational strategies have been identified over the years (Miles and Snow, 1978)

Porter's generic strategies remain the most commonly supported and identified in key strategic management textbooks (David, 2000; Miller, 1998; Thompson and Stickland, 1998) and in the literature (Kim and Lim, 1988; Miller and Dess, 1993). Porter's (1980) generic strategies can yield competitive advantage. Porter (1980) also suggests ensuring long-term profitability, the firm must make a choice between one of the generic strategies rather than end up being "stuck in the middle".

Porter's generic strategy of cost leadership focuses on gaining competitive advantage by having the lowest costs and cost structure in the industry (Porter, 1980). In order to achieve a low-cost advantage, an organization must have a low-cost leadership mindset, low-cost manufacturing with rapid distribution and replenishment, and a workforce committed to the low-cost strategy. The organization must be willing to discontinue any activities in which they do not have a cost advantage and may outsource activities to other organizations that have a cost advantage (Obasi A, et al, 2006). The firm sells its

products either at average industry prices to earn a profit higher than that of rivals or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competitor suffers losses. In this there are many ways to achieve cost leadership, such as mass production, mass distribution, economies of scale, technology, product design, input cost, capacity utilization of resources and access to raw materials.

Cost leaders work to have the lowest product or service unit costs and can withstand competition with their lower cost structure. Miller (1992) adds that if a firm can achieve and sustain overall cost leadership, then it will be above average performer in its industry, provided it can command prices at or near the industry average. Wagner et al (1997) further says that cost leaders may take a number of cost saving actions, including building efficient scale facilities, tightly controlling overhead and production costs and monitoring costs to build their relatively standardized products that offer features acceptable to many customers at the lowest competitive price.

According to Porter's generic strategies, a business could still pursue a differentiation (Porter, 1980). A differentiation strategy exists when a business distinguishes its product from the competition with unique non-price attributes that are perceived by the consumer as better than the alternatives. This view was supported by Obasi; Richard (2006) and further adds that differentiation fulfills a customer need and involves uniquely tailoring the product or service to the customer. This strategy allows organizations to charge a premium price to capture market share. Obasi et al (2006) further argues that this strategy

is effectively implemented when the business provides unique or superior value to the customer through product quality, features or after sale support and service. Since, the product or service is unique; this strategy provides high customer loyalty (Porter, 1985)

Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the distribution channels. The quality may be real or perceived, based on fashion, brand name or image. The differentiated strategy appeals to a sophisticated or knowledgeable consumer interested in a unique quality product or service and willing to pay a higher price for these non-standardized products.

Svatopluk and Ljuba (2006) argue that strategies based on differentiation seek to establish fundamental differences in a variety of dimensions that buyers perceive a marked contrast between the product/services of one firm and its rivals. They further add and say that firms that successfully differentiate themselves are rewarded for their uniqueness with a premium price. The economics inherent in this generic strategy require that the premium exceeds the extra cost incurred as being unique.

Focus strategy on the other hand, consists of focusing resources on a select few niche target markets. By focusing the marketing mix on the narrowly defined target markets, the business can position itself to increase brand loyalty and customer satisfaction, thus shielding itself from the perils of the minimum price maintenance agreement and affecting the impact of potentially higher costs. This supports the “Long-tail” theory

(Anderson, 2006), which proposes that increased profitability can be realized by serving a small but demanding customer base willing to pay a premium price for its unique product desires.

According to Obasi et al (2006), focus is also based on adopting a narrow competitive scope within an industry that large firm's may have overlooked. The focus strategy aims at growing market share through operating in a narrow market or niche segment more effectively than larger competitors. A successful focus strategy depends upon an industry segment large enough to have good growth potential but small enough not to be important to other major competitors.

An organization may also choose a combination strategy by mixing of the aforementioned generic strategies. For example, a firm may choose to have a focused differentiation strategy. This means the organization has a unique product offered to a targeted market segment. An organization may also choose to have a focused cost-leadership strategy. In this instance, an organization would use a cost leadership strategy targeted to a specific market segment.

Kumar et al. (1997) in their study of generic strategies used in the hospital industry found when hospitals follow a focused cost leadership hybrid strategy they exhibit higher performance than those following either cost leadership or differentiation alone. Porters' generic strategies model is presented in Table 2.1.

Table 2.1: Porters' Generic Strategies

Target Scope	Advantage	
	Low cost	Product Uniqueness
Broad(industry wide)	Cost-leaderships strategy	Differentiation Strategy
Narrow(Market segment)	Focus Strategy(low cost)	Focus-strategy (differentiation)

Source: International Journal of Productivity and Performance Management, 60(3), 2008

2.5 Firm Performance

Performance is the accomplishment of a given task measured against preset standards of accuracy, completeness, cost and speed. Lusch and Laczniak (1989) define business performance as the total economic results of the activities undertaken by an organization while researchers may not always agree on the best strategy, or strategy combination, most if not all, support the long-term benefits of strategic planning for the successful performance of an organization or business unit. However, measuring the performance of a company is challenging. Researchers (Buckley et al., 1988; Littler, 1988; Day and Wensley, 1988) disagree about how to both define and operationalize performance.

This being a link between competitive strategies used to the performance achieved, it is evident that strategy is the game plan that creates a match between a firms' capability and the environment. Measures of firm performance generally include such bottom-line

financial indicators as sales, profits, cash flow, return on equity, and growth. It is important to determine how a firm compares with its industry competitors when assessing firm performance (Dess and Robinson, 1984).

With the multitude of competitive environments faced by firms in differing industries, knowing only absolute financial numbers such as sales, profits, or cash flow is not very illuminating unless viewed in the context of how well the firm is doing compared to their competition. Therefore, it is important to use an industry comparison approach when making firm performance assessments for organizations sampled from a wide variety of industries.

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2.6 Challenges of Competition to Organizations

Competition has intensified dramatically over the last decade in virtually all parts of the world. The Kenyan business environment is no exception. Organizations have to constantly adapt their activities and internal configurations to reflect the new external realities and failure to do this may put the future success of the organization in jeopardy (Aosa, 1992). The competitive environment poses different challenges to firms all over the world and without proper competitive strategies firms will have few economic reasons for existing and will finally wither away.

The success of every organization is determined by its responsiveness in the environment. To retain competitive advantage, organizations need to examine both their external and internal environments and respond accordingly (Porter, 1980). The environment can be relatively stable or turbulent. Each level of turbulence has different characteristics and requires a different strategy. The strategy in turn has to be matched by appropriate organizational capability for survival, growth and development (Ansoff and McDonnell, 1990). Fundamental forces of change have been experienced in the global business environment resulting in unprecedented competition. Organizations responding to these changes have realized that their existing strategies and configurations may no longer serve them well.

2.7 Summary of Literature review

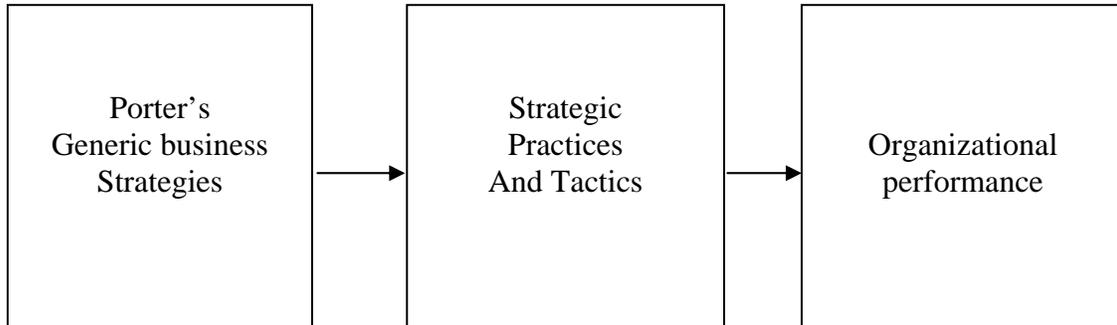
Empirical evidence suggests that pursuance of a combination strategy both cost leadership and differentiation is helpful in earning above-average returns (Dess et al., 1999) organizations giving emphasis to both cost-leadership and differentiation strategies are classified under the integrated strategy group. Stuck-in-the-middle companies are defined as those firms that do not give emphasis to either cost leadership or differentiation strategies.

In addition, the strategy literature reveals contradictory results on the link between singular generic strategy and performance .Campell-Hunt (2000) clearly points out that the dominant paradigm of competitive strategy is now over two decades old but it has yet to prove its adequacy as a descriptive framework or move beyond its proposition about the performance consequences of different strategic designs.

Further research on the relationship between strategy and performance is clearly needed in order to advance strategic theory as was noted by Allen & Helms (2003) who examined each specific generic strategy and concluded that there were a relatively small number of strategic practices which were significantly correlated with organizational performance

The conceptual model presented in Figure 2.2 shows the proposed relationships explored in this study. The basic idea is that organizational strategy should determine the strategic practices (or tactics) used by a firm. These form the independent variables of the study. The dependent variable is performance in terms of market share growth, profitability, return on investment (net income growth) and total share growth.

Figure 2.2 Linking strategic practices and organizational performance to Porters' generic strategy.



Source: Business process Management Journal vol.12 (4)2006

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will focus on the research design that was used in the research study, the method of collecting data, the type of data that was collected and the various ways of analyzing the data collected

3.2 Research Design

This was a census survey this is because the population was small. Descriptive research was used and this includes fact finding enquiries of different kinds, the purpose being to describe the state of affairs as it exists at present (Kothari, 2003) Field research involved the collection of primary data. The rationale of using this design is that it explores the existing status of two or more variables at a given time.

3.3 Population

The population comprised of 43 private secondary schools in Mombasa County GOK) (see appendix 1).A census survey was done. The choice of private secondary schools in Mombasa was arrived at after making an observation that these schools despite having the resources to compete, they are not performing to their expectation

3.4 Data Collection

The study used primary data. Data was collected using structured questionnaire divide into 3 sections. The first section was aimed to capture information on the organization profile, whereas the second section was aimed to gather data about the competitive strategies applied based on the porters generic strategies and factors influencing effectiveness of private secondary schools in Mombasa County, the third section captured information on performance in the organizations. The questionnaire used both open ended and closed questions. The open ended questions were used to enable the respondent to express themselves and give more information to the researcher. The 5 point Likert-type scale was used for data collection because it was relatively easy to develop and use. The questionnaire were easy to complete hence unlikely to put off the respondent (Kothari, 2003)

3.5 Data Analysis

Data collected will be analyzed using descriptive statistics. This includes proportions (charts) mean scores, frequencies, standard deviation. The proportions will be used to determine the popularity in terms of strategies used by the targeted organizations and the challenges. Frequencies will aid in analyzing demographic information of size, type and years of experience of the organization. Using statistical package for social sciences (SPSS), correlation using Pearson coefficient was used to establish whether there was any significant correlation between performance of the private schools and the strategies adopted.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objectives of this study were to determine the competitive strategies adopted by private secondary schools in Mombasa, determine whether there is a relationship between the strategies applied and performance and to establish the challenges of the competitive strategies adopted. Out of the population of 43 private schools surveyed, 30 (70%) responded to the questionnaire. This was considered adequate for the objectives of this study. In this chapter, the analyzed data is presented together with the relevant interpretations. Findings have been presented in four parts: general information on the schools, information relating to the competitive strategies adopted, information relating to the impact of the competitive strategies adopted on performance and challenges faced by the schools.

4.2 General Information on Schools

4.2.1 Years since commencement

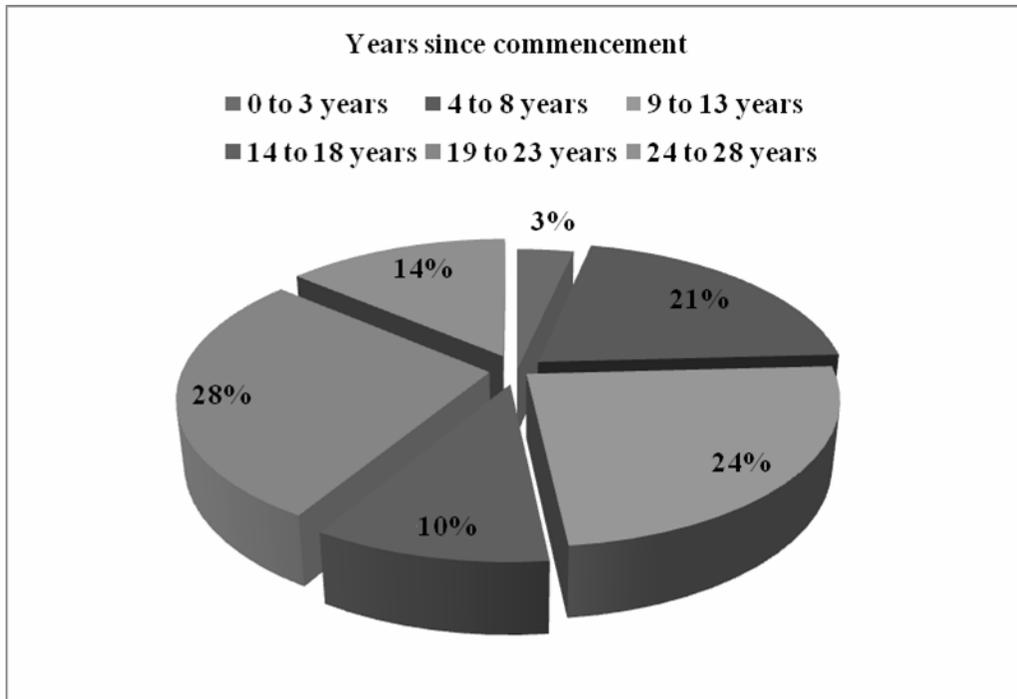
Table 4.2.1: Years since commencement

Years since commencement	Frequency	%
0 to 3 years	1	3
4 to 8 years	6	20
9 to 13 years	7	23
14 to 18 years	3	10
19 to 23 years	8	27
24 to 28 years	4	13
29 to 33 years	1	3
TOTAL	30	100

Source: Research Data (2011)

From the table it is evident that 8 out of 30 (27%) schools that participated in the study commenced between 19 to 23 years, while 7 (23%) were in the range of 9 to 13 years and 6 (20%) are in the range of 4 to 8 years. This implies that majority of those surveyed have been in operation for more than four years.

Figure 4.2.1: Years since commencement



Source: Research Data (2011)

4.2.2 Number of employees

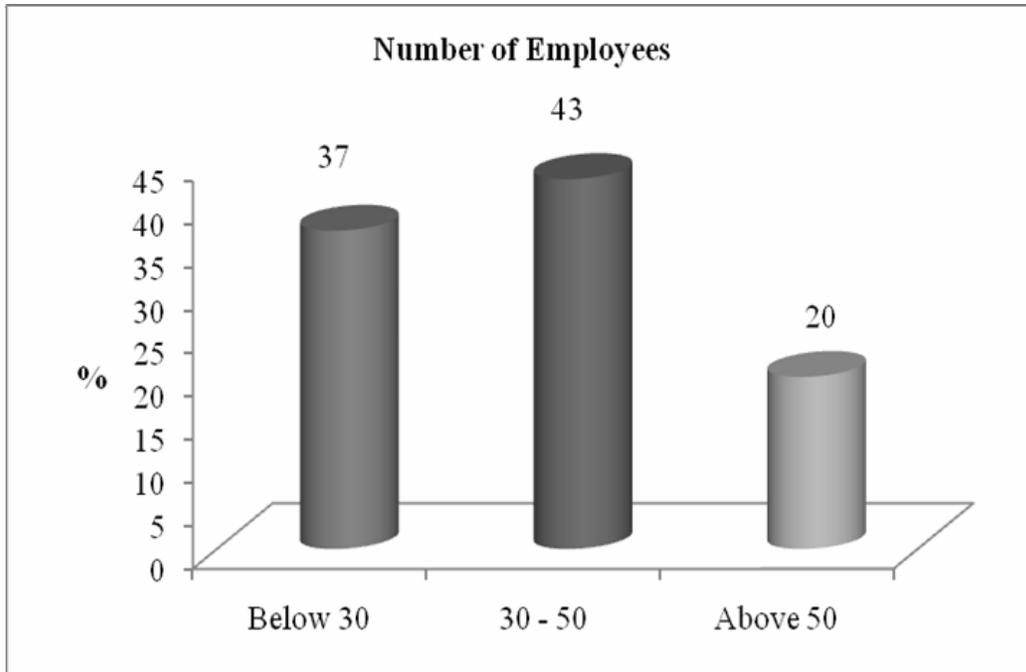
Table 4.2.2: Number of employees

Number of employees	Frequency	%
Below 30	11	37
30 - 50	13	43
Above 50	6	20
TOTAL	30	100

Source: Research Data (2011)

Table 2 shows that 11 schools (37%) have less than 30 employees, 13 (43%) have between 30-50 employees while only 6 (20%) have more than 50 employees. This information is also represented on the graph below:

Fig.4.2.2: Number of employees



Source: Research Data (2011)

4.2.3 Number of students

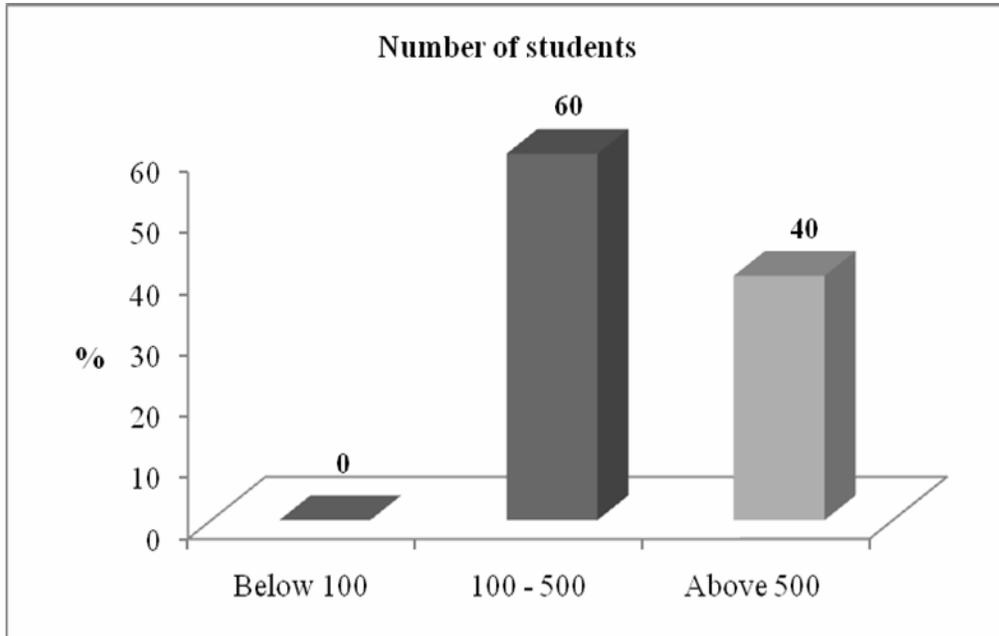
Table 4.2.3 Number of students

Number of students	Frequency	%
Below 100	0	0
100 - 500	18	60
Above 500	12	40
TOTAL	30	100

Source: Research Data (2011)

The table above indicates that out of the 30 schools, 18 (60%) have a student population of between 100 and 500, while 12 (40%) have more than 500 students. The graph below also represents the above results:

Figure 4.2.3: Number of students



Source: Research Data (2011)

4.2.4 Nature of ownership

Table 4.2.4: Nature of ownership

Nature of ownership	Frequency	%
Foreign owned	0	0
Locally owned	26	87
Both foreign and local	4	13
TOTAL	30	100

Source: Research Data (2011)

Table 4 above shows that majority (87%) of the private schools surveyed are locally owned whereas only 4 (13%) are owned by both foreign and local proprietors. None of them were owned by foreigners only.

4.2.5 Education services provided

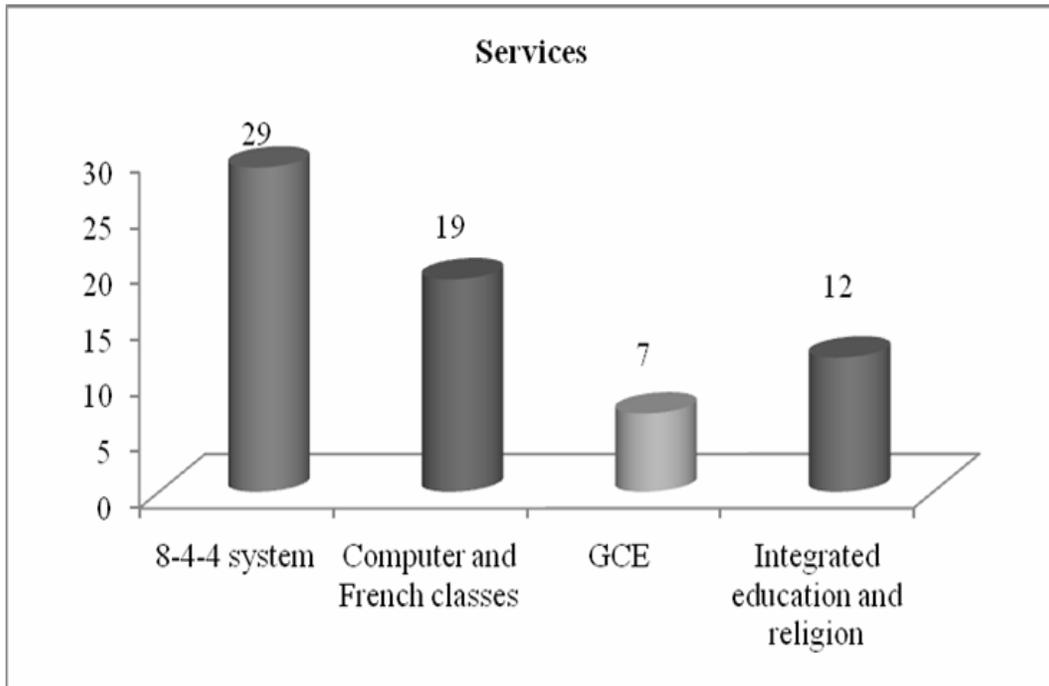
Table 4.2.5: Education services provided

Service	Frequency	%
8-4-4 system	29	97
Computer and French classes	19	63
GCE	7	23
Integrated education and religion	12	40

Source: Research Data (2011)

It is evident from the table above that 29 (97%) out of the 30 private schools surveyed offer the 8-4-4 system of education, 19 (63%) offer computer and french classes, while 7 (40%) offer the GCE system. The results also indicate that 12 (40%) schools offer intergrated education and religion. Chart 4 below also shows the number of schools offering the various services.

Figure 4.2.5: Education services provided



Source: Research Data (2011)

4.3 Competitive strategies

4.3.1 Competitive strategy adopted

Table 4.3.1: Competitive strategy adopted

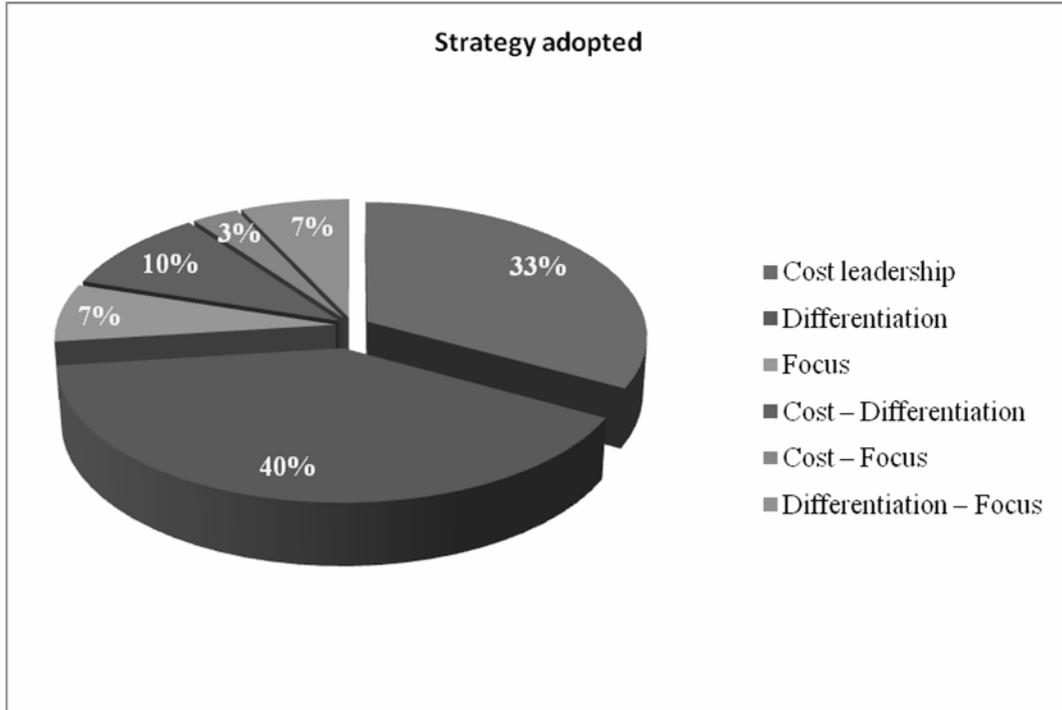
Strategy adopted	Frequency	%
Cost leadership	10	33
Differentiation	12	40
Focus	2	7
Cost – Differentiation	3	10
Cost – Focus	1	3
Differentiation – Focus	2	7
TOTAL	30	100

Source: Research Data (2011)

The table above indicates that 10 (33%) of the schools adopted a cost leadership strategy, 12 (40%) used the differentiation strategy while 2 (7%) employed the focus strategy. The

results also revealed that 3 (10%) used cost-differentiation, 1 (3%) cost-focus and the remaining 2 (7%) adopted a differentiation-focus strategy.

Figure 4.3.1: Competitive strategy adopted



Source: Research Data (2011)

4.3.2 Duration of implementation

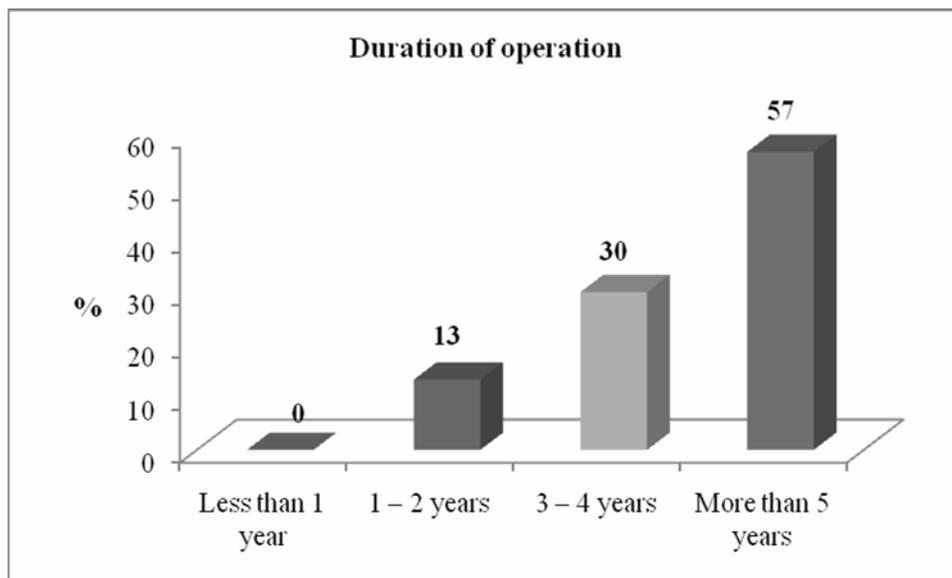
Table 4.3.2: Duration of implementation

Duration	Frequency	%
Less than 1 year	0	0
1 – 2 years	4	13
3 – 4 years	9	30
More than 5 years	17	57
TOTAL	30	100

Source: Research Data (2011)

Table 7 above shows the duration the strategies chosen had been in use by the private schools. The results indicate that 17 (57%) schools have used the strategy for more than five years, 9 (30%) for 3 to 4 years while 4 (13%) for 1 to 2 years. Chart 6 below also depicts the results on duration of implementation.

Figure 4.3.2: Duration of implementation



Source: Research Data (2011)

4.3.3: Competitive strategies in by private schools in Mombasa

Competitive strategies adopted by the private schools that were assessed include; cost leadership strategy, differentiation strategy, and focus strategy. Data was analyzed using mean scores and standard deviations. A mean score of <1.5 implies that the school's strategy adoption were rated as not important. A mean score of 1.5 – 2.5 implies least important, 2.5 – 3.5 important and 3.5 – 4.5 quite important while a mean score of > 4.5 implies most important. Standard deviation of <1 means that there were no significant

variations in response while that >1 implies that there were significant variations in responses.

Table 4.3.3: Competitive strategies adopted

Cost leadership Strategy	Mean	Std. Deviation
Outsourcing transport services	4	0.83
Outsourcing catering services	4.07	0.78
Keeping size of class large	3.77	1.10
Vigorous pursuit of cost reduction	3.93	0.87
Average Mean/Standard deviation	3.94	0.90
Differentiation Strategy		
Offering high quality services	3.4	1.45
Offering better terms of service to staff	3.37	1.45
Providing a longer payment period of payment of fees	2.87	1.55
Offering services not offered by competitors	3.33	1.45
Location of your organization	3.5	1.22
Average Mean/Standard deviation	3.29	1.43
Focus Strategy		
Staff skills	4.17	1.09
Information systems	3.67	1.47
Organizational reputation	3.60	1.33
Education system	4.43	0.73
Financial management	3.73	1.14
Average Mean/Standard deviation	3.92	1.21

Source: Research Data (2011)

Cost leadership strategy had the following mean scores; outsourcing transport services (4.0), outsourcing catering services (4.07), keeping size of class large (3.77) and vigorous pursuit of cost reduction (3.93). The findings imply that outsourcing transport and catering services had the highest mean scores (4) followed by vigorous pursuit of cost reduction at (3.93) and keeping size of class large (3.77). Although most of the cost leadership strategies had mean scores of between 3.5 and 4.5 (quite important), there was no significant variation in the responses with all standard deviation scores being <1 . The average mean score for this strategy was 3.94 suggesting the strategy was considered quite important by the private schools.

Differentiation strategy had the following mean scores; Offering high quality services (3.4), offering better terms of service to staff (3.37), providing a longer payment period of payment of fees (2.87), offering services not offered by competitors (3.33), and location of your organization (3.5). The results imply that location of your organization had the highest mean score(3.5), followed by offering high quality services (3.4) and offering better terms of service to staff (3.37) . Providing a longer payment period of payment of fees had lowest mean score of 2.87. Although most of the differentiation strategies had mean scores of between 2.5 and 3.5 (important), there was a significant variation in the responses with all standard deviation scores being >1 . The average mean score for this strategy was 3.29 indicating the strategy was considered important by the private schools.

Results on focus strategy in terms of mean scores were as follows; staff skills (4.17), information systems (3.67), organizational reputation (3.6), education system (4.43), and

financial management (3.73). The findings showed that all the focus strategies were in the range of 3.5 - 4.5 suggesting that the private schools considered them quite important. The average mean score for this strategy was 3.92 (quite important) and an average standard deviation of 1.21 indicating that there were significant variations in the results.

4.4 Challenges encountered in the strategies adopted

Table 4.4: Challenges encountered in the strategies adopted

Challenges	Frequency	%
Offering variety of extra curriculum	19	63
Charging lower fees	11	37
Aggressive advertising	11	37
High remuneration	12	40
Employing highly qualified teachers	10	33

Source: Research Data (2011)

From the above table it can be seen that 19 out of 30 (63%) of the schools surveyed encountered challenges in offering variety of curriculum, 11 (37%) in charging lower fees, 11 (37%) in aggressive advertising, 12 (40%) in paying higher remuneration while 10 (33%) in employing highly qualified teachers.

4.5 Performance of the organization relative to its competitors

The performance of the private schools was assessed over a period of three years in terms of; total revenue growth, total assets growth, net income growth, market share growth and overall performance success.

Data was analyzed using mean scores and standard deviations. A mean score of <1.5 implies that the school's performance was rated as lowest. A mean score of 1.5 – 2.5 implies lower, 2.5 – 3.5 middle and 3.5 – 4.5 next while a mean score of > 4.5 implies top performance. Standard deviation of <1 means that there were no significant variations in response while that >1 implies that there were significant variations in responses.

Table 4.5: Performance of the organization relative to its competitors

Performance of the organization relative to its competitors	Mean	Std. Deviation
Total revenue growth	3.27	0.78
Total assets growth	2.80	0.81
Net income growth	2.93	0.74
Market share growth	3.03	0.81
Overall performance success	2.97	0.61
Average Mean/Standard deviation	3.00	0.76

Source: Research Data (2011)

Results on the performance in terms of mean scores were; focused total revenue growth (3.27), total assets growth (2.8), net income growth (2.93), market share growth (3.03) and overall performance success (2.97). The findings showed that there was middle impact on most of the aspects of performance as the mean scores lie between 2.5 to 3.5. The average mean score was 3.0 suggesting that there was middle impact on all aspects of performance by the competitive strategies adopted by the private schools. There was no significant variation in the results as the standard deviation was <1.

4.5.1 Correlation between performance and strategies adopted

Table 4.5.1: Correlation between performance and strategies adopted

Strategy	Pearson correlation coefficient (r)	Significance test at 5% level
Cost leadership	.860	.028
Differentiation	.818	.046
Focus	.759	.080

Source: Research Data (2011)

Table 10 shows the results of correlation analysis. This was done to establish whether there was any significant correlation between performance of the private schools and the strategies adopted. From the findings it is evident that all the strategies have a positive correlation with the performance as the 'r' values were +0.86, +0.818 and + 0.749 for cost leadership, differentiation and focus strategy respectively. The significance test (at 5% level) revealed that cost leadership and differentiation strategies were significant whereas focus strategy was not significant.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The demand for education services is rising at a faster rate than governments can supply—both in the industrial and developing countries. In Kenya, since the introduction of the 8-4-4 system of Education in 1985 the structure of Primary and Secondary Education has undergone tremendous changes as many new courses were added to the curriculum and placed increased demands on schools already with limited resources.

Given the current uncertainty and surprising environmental turbulence in the global context, there is need to institutionalize flexibility and dynamism in planning and implementation of projects. The access to higher education in Kenya is extremely competitive and students must earn a grade point average on the Kenya Certificate of Secondary Education significantly over and beyond the minimum eligibility requirement. The need for high performance has been driven by the quest for quality education. Private schools are perceived to be offering alternative teaching compared to public schools that seem to be crowded and have limited resources but this is not the case with private secondary schools in Mombasa.

The choice of a competitive strategy is critical for the survival and success of any company. However, in order to gain competitive advantage, firms need to build and adopt the right strategy especially in this increasingly competitive environment\

The objectives of this study was to determine the competitive strategies adopted by private secondary schools in Kenya, a case of Mombasa County and establish the kind of challenges they face as they pursue their identified strategies. The study also investigated the impact of the competitive strategies adopted on the performance of the private schools. This chapter gives a summary of the discussions, conclusions and recommendations drawn after analyzing data.

5.2 Discussions

The first objective of the study was to identify the competitive strategies adopted by the private schools in Mombasa County in Kenya. The study as far as Cost leadership strategy is concerned revealed that outsourcing transport and catering services had the highest mean scores (4) followed by vigorous pursuit of cost reduction at (3.93) and keeping size of class large (3.77). The average mean score for this strategy was 3.94 suggesting the strategy was considered quite important by the private schools and there were no significant variations in the results.

Differentiation strategy had location of organization (3.5), offering high quality services (3.4) and offering better terms of service to staff (3.37). Providing a longer payment period of payment of fees had lowest mean score of 2.87. Most of the differentiation strategies had mean scores of between 2.5 and 3.5 indicating that they were all considered important by

the private schools surveyed. The standard deviation in all aspects showed significant variations in the responses.

Focus strategy had staff skills (4.17), information systems (3.67), organizational reputation (3.6), education system (4.43), and financial management (3.73). The findings showed that all the focus strategies were considered quite important by the private schools. The average mean score for this strategy confirmed that all the focus strategies were quite important in building a competitive advantage. The standard deviation in all aspects indicated there were significant variations in the results.

The second objective was to assess the impact of the competitive strategies on the performance of the private schools. Findings on the performance in terms of mean scores revealed that the competitive strategies adopted had a middle impact on all the aspects of performance. Total revenue growth, total assets growth, net income growth, market share growth and overall performance success all had a middle impact on most of the aspects of performance as the mean scores lie between 2.5 to 3.5. There was no significant variation in the results.

A correlation analysis to establish whether there was any significant correlation between performance of the private schools and the strategies adopted was also conducted. From the findings it is evident that all the strategies have a positive strong correlation with the performance as the 'r' values were +0.86, +0.818 and + 0.749 for cost leadership, differentiation and focus strategy respectively. The significance test (at 5% level)

revealed that cost leadership and differentiation strategies were significant whereas focus strategy was not significant.

The third objective was to establish the challenges faced by the private schools in implementing the competitive strategies adopted. The results indicated that 19 out of 30 (63%) of the schools surveyed encountered challenges in offering variety of curriculum, 11 (37%) in charging lower fees, 11 (37%) in aggressive advertising, 12 (40%) in paying higher remuneration while 10 (33%) in employing highly qualified teachers. Offering variety of curriculum was seen as the most important challenge.

5.3 Conclusions

Based on the findings, it can be concluded that the private schools in Mombasa County in Kenya have moderate usage of cost leadership and differentiation strategy with significant variations in their adoption. Cost leadership is considered quite important by all the schools surveyed. The use of outsourcing transport and catering services were most popular amongst the schools surveyed. Keeping class sizes large and vigorous pursuit of cost reduction measures were equally perceived as important aspects of cost leadership strategy. Due to the competitive nature of the industry, most private schools were aiming at being the low-cost leader in the market to gain a competitive edge.

It is also evident that most of them also use the differentiation strategy especially location of the organization and offering high quality services. There was low usage of providing longer periods of fees payment and offering services that are not offered by competitors.

It is therefore correct to conclude that differentiation is an important strategy to the private schools but most have not maximized on its aspects.

With regard to the focus strategy, this was considered quite important by most schools surveyed. Special emphasis is given to staff skills and education system. Focus on financial management; organizational reputation and information system were also popular aspects of this strategy. There were however significant variations in the usage all aspects amongst the schools.

Overall, all strategies were moderately in use by the private schools. Strategies chosen depended on their likely impact on performance and also their ability to build a stronger competitive advantage. All the strategies employed had a moderate impact on the various aspects of performance of the schools. This could be attributed to the fact that most of the schools had used them for more than five years.

5.4 Recommendations

The study revealed that there were gaps in a number of dimensions in the strategies used by the private schools in Mombasa. The schools do not maximize on the usage of differentiation strategies which are key in improving their long term competitiveness and performance. They should venture more into strategies which aim at building long term competitiveness such as offering high quality services and offering better terms of service to staff so as to reduce staff turnover .The schools should also build on key strengths in their focus strategies such as education system and information systems. Those offering

the GCE curriculum for example, can ensure they improve the quality of service and target to produce best results. This will enable them to attract more student numbers and therefore increase on their market share and increase their revenues and profits. Hiring and maintaining high quality teaching staff can be a very strong focus area as it helps to build long-term competitiveness and stability.

5.5 Limitations of the study

The study was limited to the perspective of the private schools in Mombasa County and not the entire education sector. Out of 43 private schools 30 filled and returned the questionnaires. The response rate was therefore 70% with a none-response rate of 30%. Some respondents did not also fill in some of the key data that was essential in coming up with the findings and conclusions.

5.6 Suggestions for further research

The study was conducted on private schools in Mombasa County only. The findings can be verified by conducting the same study on private schools in other major towns such as Nairobi, Kisumu and Eldoret as well. The study findings are according to the school's management point of view. The study can be conducted to find out the teaching staff's point of view. A study may also be extended to cover private institutions of higher learning.

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APPENDIX 1 : LIST OF PRIVATE SECONDARY SCHOOLS IN MOMBASA

1. Aga Khan High School, Mombasa sec
2. Baraka High School sec
3. Sheikh Khalifa sec
4. Light Academy sec
5. Brains Worth Msa sec
6. Nyali senior sec
7. Imara Sec
8. Talent sec
9. Rise and shine sec
10. Junda High sec
11. Brain worth sec bamburi sec
12. Kisauni sec
13. Jcc complex sec
14. Bamburi community sec
15. New Apak sec
16. Green palm academy sec
17. St Michael academy
18. Tudor Academy sec
19. Valentine High sec
20. Kumbar High sec

21. Memon High sec
22. Bhadala Sec
23. Coast academy
24. Jaffrey sch
25. Coast star academy
26. Kilindini sec
27. Mombasa Baptist sec
28. Qubaa Secondary
29. Mombasa Secondary
30. Abuhureira sec
31. Burhaniya sec
32. St. Elizabeth sec
33. Highgate sec
34. Sea side sec
35. ABC mixed sec
36. St Teresa sec
37. Iyale Academy sec
38. Changanwe Adventist sec
39. New hope sec
40. Magongo newlight sec
41. Precious Mary sec

42. Highbridge sec

43. Mama washime sec

APPENDIX 2

QUESTIONNAIRE

Please provide to the following information by ticking in the appropriate box. Information provided will be treated with utmost confidentiality.

SECTION A: ORGANIZATION PROFILE

1. In which year did your organization commence its operation?

2. How many employees do you have?

Below 30 Between 30-50 Above 50

3. How many students do you currently have?

Below 100 Between 100-500 Above 500

4. How would you describe the ownership of your organization?

Foreign owned

Locally owned

Both foreign and locally owned

4(b) If foreign, what problems do you encounter while operating in Kenya?

5. What services do you provide in terms of education? (Tick all the services you offer)

844 System of Education

Computer, French classes

GCE

Integrating education and religion

6. Which strategy does your organization pursue? Cost leadership (reducing on costs so as to charge a lower) Differentiation (offering a variety of services e.g. swimming lessons, computer lessons, French lessons etc.) Focus (targeting a given class of customers)

Cost Leadership

Differentiation

Focus

7. For how long has your organization pursued this strategy?

Less than 1 Year

1-2 Years

3-4 Years

More than 5 Years

8. Were these strategies driven by external forces or your organization was being proactive?

9. Have these competitive strategies protected the organization against external threats by competitors and enabled it achieve competitive advantage?

10. Which school(s) would you say poses the greatest challenge to your school as a competitor?

11. What are the challenges do you face from your competitors

Offering variety of extra curriculum

Charging lower fees

Aggressive advertising

High remuneration

Employing highly qualified teachers

SECTION B: PORTERS' GENERIC STRATEGIES

I COST LEADERSHIP STRATEGIES

1. What importance do you think lower price plays in attracting and keeping customers?

Very important

Important

Not important

Don't know

2. What do your customers consider the prices of your services to be?

Higher than competitors

Similar to competitors

Lower than competitors

3. Please give reasons why your price is as indicated above.

4. What measures has your organization put in place to lower costs in order to improve profitability?

Outsourcing transport services

Outsourcing catering services

Keeping size of class large

Outsourcing extracurricular activities

Not providing expensive services

5. How do you rate the impact of the forces below for your organization's success?

Please tick on appropriate box. Use the scale of 1-5, where 5 is the most important and 1 is the not important.

	Not important	Least important	Important	Quite important	Most important
	1	2	3	4	5
Existing competition					
New competitors					
Substitute services					
Customers					
Government policy					
Vigorous pursuit of cost reduction					

II DIFFERENTIATION STRATEGY

1(a) Do you try to create unique image of your organization to your customers?

Yes

No

(b) If Yes, how do you usually do it?

2. Please indicate (tick) to what extent you have used the following action plans to beat competition in the market. Use the scale of 1-5, where, 5 is used to indicate always used, 4 is used to indicate almost always, 3 is used to indicate most times, 2 is used to indicate sometimes used, and 1 is used to indicate never used.

1	Offering services not offered by competitors	1	2	3	4	5
2	Offering high quality services	1	2	3	4	5
3	Offering better terms of services	1	2	3	4	5
4	Providing a longer payment period of payment of fees	1	2	3	4	5
5	Location of your organization in relation to competitors	1	2	3	4	5

III FOCUS STRATEGY

1. Are there customers who rely on your organization for education services?

Yes No

2. If yes, how do you ensure you retain their loyalty?

3. Are there any market segments your organization is targeting to capture?

Yes No

4. If yes, what are the measures that your organization is taking to acquire this category of customers?

5. How do you inform people of your presence and services?

Brochures and posters

Media (Radio, TV and Newspaper)

Church or Mosque announcements

Referrals

6. Using a scale of 1 to 5, where 5 is the most important 4 is quite important, 3 is important 2 is least important and 1 is the not important rate the following factors in your organization.

(Please tick the appropriate box)

Factors	1	2	3	4	5
Office location					
Staff skills					
Information Systems					
Organization's reputation					
Organization culture					
Education system					
Financial management					

SECTION C: OVERALL PERFORMANCE

1) How well does your organization perform relative to its competitors using the following scales. Using a scale of 1- 5 where 5 is top (80-100) percent, 4 (61-80%), 3 (41-60%) 2(21-40%) and 1 (1-20%)

Average over three years	Lowest 1-20 percent	Lower 21-40 percent	Middle 41-60 percent	Next 61-80 percent	Top 81-100 percent	Not applicable
Total Revenue growth	1	2	3	4	5	N/A
Total asset growth	1	2	3	4	5	N/A
Net income growth	1	2	3	4	5	N/A
Market share growth	1	2	3	4	5	N/A
Overall performance /success	1	2	3	4	5	N/A

THANK YOU FOR YOUR COOPERATION