

**RESPONSES TO INCREASED COMPETITION BY THE
KENYA NATIONAL EXAMINATIONS COUNCIL**

REBECCA P. LESEKETETI

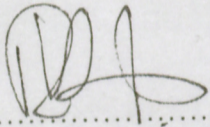
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of the Degree of Master of Business Administration, (MBA), School of
Business, University of Nairobi

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DECLARATION

This Research Project is my original work and has not been presented for a degree in 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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This project is dedicated to my family for their monumental support in making this work a reality.

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A special word of appreciation is due to the Kenya National Examinations Council for giving me a chance to undertake this course.

For all those who have in one way or another contributed to the success of this project and are not mentioned here, please accept my sincere appreciation for that contribution you made.

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LIST OF ACRONYMS AND ABBREVIATIONS

LGCE: London General Certificate of Education

IGCE: International General Certificate of Education

KCPE: Kenya Certificate of Primary Education

KCSE: Kenya Certificate of Secondary Education

KASNEB: Kenya Accountants and Secretaries National Education Board

KIE: Kenya Institute of Education

KIM: Kenya Institute of Management

KNEC: Kenya National Examinations Council

MOE: Ministry of Education

MoEST: Ministry of Education, Science and Technology

UNESCO: United Nations Educational, Science and Cultural Organization

MTEF: Medium Term Expenditure Framework

ISO: International Standards Organization

ABSTRACT

For organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment. The dynamism of the environment implies that organizations have to constantly redesign their strategies in order to remain competitive. Failure to effectively adapt the organization to its environment leads to a strategic problem.

In recent years KNEC has experienced increasing numbers of competitors in the educational assessment industry. It is possible in post schools examinations that it could be losing a market to other competitors. It is important for it to come up with strategies to cope with increased competition if it has to remain a major player in this industry.

This study focused on four major objectives. First, it sought to identify the areas in which KNEC's faces competition in the assessment industry. Secondly, the research sought to identify KNEC's major competitors. The third objective for the study was to establish the challenges encountered by the KNEC due to competition. Finally, this study sought to establish the responses by KNEC to increased competition in the assessment industry.

From the discussion, KNEC is faced with competition in several of its areas of assessment emanating from various other players, As a result, the body is faced with various challenges. In line with this, KNEC has had various response strategies to the competition. However, the responses appear to be minimal and not creative enough to withstand competition. It needs to be more profit oriented and formulate more of proactive strategies that are unique and not open to all the players.

The study recommends further research that seeks to establish the influence of the government on the effectiveness of the body to respond to competition pressure in the environment it operates.

CHAPTER ONE

INTRODUCTION

1.1 Background

Pearce and Robinson (1997) state that in order for organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment. The dynamism of the environment implies that organizations have to constantly redesign their strategies in order to remain competitive. Failure to effectively adapt the organization to its environment, according to Ansoff and McDonnell (1990), leads to a strategic problem. Such a problem will be evidenced by a mismatch between what the organization offers and what the market demands.

Grundy (1995) states that responsiveness and flexibility are increasingly important factors that determine the success of an organization. Hill and Jones (2001) add that the achievement of superior efficiency, quality, innovation and responsiveness enables an organization to create superior value and obtain competitive advantage. All organizations lend themselves to the external environment. The environment is highly dynamic and constantly presents opportunities and challenges. To ensure survival and success, firms need to develop capability to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environmental requirements. Success therefore calls for proactive approach to business (Pearce and Robinson, 1997).

1.1.1 Organizational Responses and Competition

One of the challenges presented by a dynamic environment is increased competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players but also in form of customers, suppliers, potential entrants and substitute products. Competition remains a fairly unclear concept whose practical meaning varies across settings. Jain (2000) has argued that the term "defies definition because the view of competition held by different groups (e.g., lawyers, economists, government officials and businesspeople) varies." As a first step, then, it is helpful to explain what we mean by the term in the present context.

Despite its widespread use in everyday language, competition remains a fairly unclear concept whose practical meaning varies across settings. Jain (2000) has argued that the term “defies definition because the view of competition held by different groups (e.g., lawyers, economists, government officials and businesspeople) varies.”

An organization faces competition when its success depends upon the behavior of other actors who are trying to fulfill similar customer needs. Competition also exists when different organizations seek commitments of time and energy from the same target markets. Typically, such circumstances cause the organization to change its own behavior, setting in motion a dynamic and interdependent process in which rival organizations jockey for position in the marketplace. For the non-profit social marketer, then, competition exists whenever another agency targets at least some of the same clients, or provides a service driven by similar objectives (Jain 2000).

Firms in dynamic industries respond to competitive forces in different ways. Responses can be operational or strategic by nature. Strategic responses differ from operational responses in many ways. While operational responses are short term and more concerned with efficiency of operations, strategic responses are long-term in nature and embrace the entire organization. Strategic responses also involve large amounts of resources and decisions relating to them are usually made at the corporate and business levels (Pearce and Robinson, 1997).

Currently, the various public and private Universities have also ventured into the domain

1.1.2 The Education Assessment Industry

This is a fast growing industry in Kenya due to the expansion of the education sector. This has also been enhanced by liberalization and commercialization of education. As a result of this, many players have ventured into this industry.

The dominant players, Kenya Accountants and Secretaries' National Education Board

The Kenya national examinations council, which is the subject of this study, is one of the main players in this industry. The KNEC is a corporate body that was established by the government of Kenya in 1980 by an act of Parliament (cap 225A) as a non-profit making institution to take over functions previously undertaken by the defunct East Africa

Examinations Council and the Ministry of Education. Its mandate is to develop and conduct school and post-school examinations and award certificates to successful candidates, ensure their validity and reliability; and to ensure conformity to Kenya's goals of "Quality Education and Training for Development". It holds a strategic role in National Development as examinations provide the only means of evaluating levels of achievement for further education and employment for this country.

The KNEC conducts public examinations for summative evaluation of the learning process at the end of each cycle of the following: Kenya Certificate of Secondary Education (KCSE); Kenya Certificate of Primary Education (KCPE); Business Management Examinations; Technical Examinations; Primary Teacher Education Examinations; Adult Education Examinations; English Proficiency Test; Qualifying Test for private candidate; Business Technical Education Programme (BTEP); and Computer studies and application packages.

In addition, KNEC relies on examination fees and grants as the main sources of funding for its activities. Initially the government grant was at 30% of the total revenue but has reduced to 23%. The fees charged by the KNEC is determined and regulated by the Ministry of Education (Ministry of Education) making its services relatively less competitive compared to other boards, which charge examinations fees at cost.

Currently, the various public and private Universities have also ventured into the domain of the KNEC. They now offer certificates and diploma examinations and award certificates to successful candidates. These include Universities such as University of Nairobi, Kenyatta University, Moi University, Egerton University, Jomo Kenyatta University College of Agriculture and technology, among others. The KNEC was one of the dominant players. Kenya Accountants and Secretarial National Education Board (KASNEB), which was established by an act of parliament is another board. Unlike the KNEC, KASNEB develops its own curriculum, conduct its examinations and charges at cost. It administers accounting examinations similar to some offered by KNEC and has recently been seeking to expand its programmes to secretarial and computing

examinations. City and Guilds, which has now merged with Pitman examination board, was amongst the earliest after independence. The Kenya Institute of Management (KIM) is a private institution, which offers business management courses and examinations. Currently other colleges in the country now offer KIM examinations e.g. Dima College. The Kenya Polytechnic, through a Charter, examines its own curricula in the technical field. Others include Nursing Council of Kenya, as well as private colleges, which offer their own curricula and examinations recognized in the job market.

Foreign examinations bodies have been on the increase in the Kenyan market. Several boards are now offering different examinations similar to those offered by the KNEC. Private colleges have registered increase in candidature opting for these foreign examinations. Some of the major foreign boards that offer certificates and diplomas are: the Association of Business Executives (ABE); Association of Business Managers and Administrators (ABMA); Institute of Financial Accountants and Secretaries (ICSA); Institute for the Management of Information Systems (IMIS); Chartered Institute for Purchasers and Suppliers (CIPS); Chartered Institute of Marketing (CIM); Institute of Chartered Marketers (ICM); and the Chartered Institute of Insurance of London (CIIL). Uganda Examination Board has also proved to be another competitor. There is an increase in numbers of Kenyan student moving to Uganda to sit examinations there.

All these boards administer their own specialized examinations in the various professional areas. The KNEC offers Business Management and Technical examinations in the same professional lines. Apart from such boards, which offer post schools examination, there has been an increase in numbers of candidates sitting for the LGCE and IGCSE examinations. The Edexcel International and Cambridge board offers these. International Baccalaureate board offers schools examinations as well.

1.2 Statement of the Problem

In recent years KNEC has experienced increasing numbers of competitors in the educational assessment industry. It is possible in post schools examinations that it could be losing a market to other competitors. It is important for it to come up with strategies to cope with increased competition if it has to remain a major player in this industry. KNEC has to develop strategies to cope with competition if it is not to be relegated to developing and administering KCPE and KCSE examinations only. It has to find a way of responding to competition in post schools examinations. Being a non-profit organization, which is regulated by the government, it has to respond to this issue to be able to remain on board. This study aims at identifying strategies undertaken by KNEC and give further recommendations.

A survey of available literature reveals that extensive research dealing with responses to competition has been done. Most of these have focused on other industries. Some of the local studies include; Cheluget (2003) studied the responses of milk processing firms to increased turbulence in the macro-environment in the dairy industry in Kenya; Goro (2003) studied the strategic responses of commercial banks to the threat of substitute products; Kiptugen (2003) did a study on the strategic responses to changing competitive environment, a case of the Kenya Commercial Bank; Migunde (2003) studied the strategic responses by the Kenya Broadcasting Corporation to increases competition; Mokaya (2003) studied on the responses to Urban Bus Companies in Kenya to environmental changes; and Mwarania (2003) did a study on the responses by insurance companies to changes in the environment. Others include those done by Gichobi (1999); Abdullahi (2000); Muturi (2000); Chepkwony (2001); and Isaboke (2001).

Various studies on education and examinations have also been done but not on responses to competition. For instance, Ayoo (2002) carried out a study to establish factors affecting students' performance in KCSE examinations in public secondary schools in Maseno district. Eshiwani (1983) studied factors influencing performance among primary and secondary schools in Western province. Ministry of Education Science and

Technology/UNESCO (2001) carried out a survey on some schools to come up with some policy suggestion on quality of education.

2.1 Introduction

Therefore as can be seen, none of these studies are focused on competition in the assessment industry yet this is an industry experiencing immense competition. Most studies in education and examinations are focused on areas such as performance, management, equity, and quality among others. Besides, findings from the previous studies may not be fairly generalized to represent the education assessment industry. In addition, KNEC is unique in its own ways. The body is therefore likely to respond in a unique way to increased competition in the industry. Arising from the above descriptions, the question is; what responses has KNEC put in place to combat competition?

1.3 Objectives of the Study

The objectives of the study were to:

- i. To identify the KNEC's areas faced by competition.
- ii. To identify KNEC's major competitors.
- iii. Establish the challenges encountered by the KNEC due to competition.
- iv. Establish the responses by KNEC to increased competition in the assessment industry.

1.4 Significance of the study

The results of this study may be of use to:

- i. The KNEC, in adopting responses to competition for their sustainability so as to increase their clientele and remain an outstanding examining body in the region.
- ii. The Ministry of Education in drawing up relevant legislation to govern the various boards that offer examinations in the country and to ensure quality education for all.
- iii. Other non-profit making institutions in responding to competition.
- iv. Future scholars and researchers as they may use the results as a source of reference.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section will review literature relevant to competition and organization responses. It will entail meaning of competition, its forms and some of the responses which organizations adopt to combat competition. This will guide in understanding competition and responses in a view to assist in achieving the objectives of the study.

2.2 Theoretical Foundation of competition

Industry competition can be analyzed and understood using the Porter's five forces model. The competition in an industry depends on the collective strength of five basic forces. The model provides a framework that enables a player to formulate strategies to influence or defend itself against the forces (Porter, 1979). Wheelen and Hunger (1990) argue that the Porter's five forces model was developed for developed country contexts, which are different from developing countries. They suggested that a 6th force called "other stakeholders" should be included in the model. The other stakeholders include: unions, government and other interested parties. For this study, the government will be considered as aspirate force due to the influence that it has over KNEC.

Competition has intensified over the last decades in virtually all parts of the world. This increase in competition has played a major role in unleashing innovation and driving progress worldwide (Porter, 1979). Likewise, there are few industries that have not experienced competition. No company and no industry can afford to ignore the need to compete and each therefore must try to understand and master competition. In the fight for market share, Porter (1979) further postulates that competition is not only manifested in other players, but also in customers, suppliers, potential entrants and substitute products. He argues that competition in the industry is dependent on the collective strength of five basic forces.

Threat of entry is a major force in competition because new entrants bring new capacity, gain market share and often bring substantial resources. Threat of entry depends on the barriers created by existing players and their expected retaliation. An industry with strong entry barriers is likely to be more attractive than where entry is easy. Intense competitive rivalry can affect an industry negatively by use of functions such as price competition, product introductions and heavy advertising costs. Such actions may reduce industry profitability especially if the industry is not growing.

Powerful suppliers and buyers determine the attractiveness of an industry because they exert pressure on industry margins. Suppliers, through manipulation of their prices and quality of their offerings, can squeeze industry profitability. Meanwhile, customers can force down prices and demand better quality or more services. When both suppliers and buyers are strong, they negatively affect industry profitability, hence making it unattractive.

Substitute products limit the potential of an industry by placing a ceiling on prices it can charge. Substitutes of strategic concern are those that are subject to trends improving their price performance trade off with the industry products, and also those produced by industries earning high profits. Where such substitutes are available, they can stifle industry growth and earnings thus making it unattractive.

The government on its own presents challenges to an industry because it plays dominant roles in the economy. It regulates operations of the industry by formulating policies to be used by all practitioners in the industry. In Kenya, the government has exercised a lot of controls through selective issuing of licenses to institutions, among other things. Aosa (1992) brought in another aspect of government "power play". He argues that managers in Kenya complained of external interference and unfair treatment while carrying out their normal managerial activities. This behaviour results in obstruction and legal competition. He argues that individuals in high government positions wield such power that they could flout government policies and controls at will. The government and such

powerful individual form strong strategic force that needs to be considered in making strategic decisions.

2.3 Competition and its various forms

Competition is the act of striving against another force for the purpose of achieving dominance or attaining a reward or goal, or for survival. Competition may be between two or more forces, life forms, agents, systems, individuals, or groups, depending on the context in which the term is used. Kurtus (2005) identified four forms of competition. First, there is pure competition where individuals or firms operating on the market place have the same objectives to be achieved under the same rules. Secondly, there is collaborative competition where firms or individuals have shared objectives to be achieved under the same rules on the market of operation. He identifies the third form of competition as being the market share where the operating firms are governed by different rules although they have similar objectives. Finally, he identifies the market growth competition where the firms are governed by different rules although they have value added orientations. The defining characteristics of the four types of competition are respectively: needing a regulator, arguing over the spoils, differentiation and substitutability, and customer focus.

From a different perspective, three forms of competition have been classified. The most narrow form is direct competition (also called category competition or brand competition), where products that perform the same function compete against each other. For example, a brand of pick-up trucks competes with several different brands of pick-up trucks. Sometimes two companies are rivals and one adds new products to their line so that each company distributes the same thing and they compete. The next form is substitute competition, where products that are close substitutes for one another compete. For example, butter competes with margarine, mayonnaise, and other various sauces and spreads. The broadest form of competition is typically called budget competition. Included in this category is anything that the consumer might want to spend their available money on, which can all be seen as competing with each other for the family's available money (Rayport and Sviokla, 1995).

2.4 Organizational Response to Competition

Organizations depend on the environment for their survival and they have to scan it in an effort of building trends and conditions that could eventually affect the industry and adapt to them (Thompson and Strickland, 1993). Failure to do this will lead to serious strategic problems characterized by the maladjustments of the organization's output and the demands of the external environment.

Response of any organization to competition can be both strategic and operational. Strategic decisions are likely to affect operational decisions. The link between overall strategy and operational aspects of the organization is important because first, if the operational aspects of the organization are not in line with the strategy, then, no matter how well considered the strategy is, it will not succeed. Second, it is at the operational level that real strategic advantage can be achieved (Cheluget, 2003).

2.4.1 Operational Responses

According to Johnson and Scholes (2001), the nature and tasks undertaken by the operating core of an organization has an important influence on the various aspects of organizational design and control. Operations are the core function of the organization and continuously manage the flow of resources through it. Naylor (1996) argues that in many organizations, operations account for 80% of employees and hence most of their added value. He further observes that the output of an operations system is the bundle of goods and services, which is consumed in society.

According to Hunger and Wheelen (1990), firms can respond to environmental changes by crafting new operational strategies, which are taken by functional areas of the organization to achieve corporate and business unit objectives by maximizing resource productivity. They note that operational responses are concerned with developing and nurturing a distinctive competence to provide an organization with a competitive advantage. They observed that these operational responses include marketing and financial strategies. As they noted, marketing strategy deals with pricing, selling and distribution of a product. By adopting a marketing development strategy, a company can

nurture a share of existing market for current products through market saturation and market penetration. As Kotler (1990) observed, the company could also develop new markets for current products. Using the product development strategy, a company can develop new products for existing markets or develop new products for new markets. A company can use “push” and “Pull” marketing strategies for advertising and promotion. A company can also examine the financial implications of corporate and business unit options and identify the best financial course of action. As Hunger and Wheelen (1990) noted, the key issue here is the trade-off between the desired debt-to-equity ratio and relying on internal long-term financing via cash flows.

Companies can also adopt operational strategies and purchasing strategies (Hayes et al, 1996). They argue that operations provide powerful sources of competitive advantage as a subordinate to finance, marketing and Research and Development functional areas of the organization. Byars (1991) notes other operational strategies to include Research and Development strategies, human resource strategies and purchasing strategies. According to him, the human resource strategy is concerned with determining the human resources that the organization needs to achieve its objectives as it could decide to use low-skilled or skilled employees. He observes that the Research and Development strategies are an effective way to safeguard the organization against either product or production process obsolescence. For the purchasing strategy, he notes that they deal with the obtaining of raw materials, parts, and supplies needed to perform operational functions.

2.4.2 Strategic Responses

Strategic responses have been defined by Pearce and Robinson (1991) as the set of actions that result in the formulation and implementation of plans designed to achieve a firm's objectives. Thompson (1997) argues that strategic adaptations are changes that take place over time to the strategies and objectives of an organization. Such change can be gradual or evolutionary or more dramatic, even revolutionary. Strategic responses are therefore organizational actions that are long-term in nature. They are more embracing of an organization as a whole as opposed to departmental decisions. These responses are

also known to involve huge amounts of resources. They are a reaction of organizations to what is happening in the environment.

Ansoff and McDonnell (1990) noted that strategic responses involve changes in a firm's strategic behaviors to assure success in the transforming future environment. The choice of the response depends on the speed with which a particular threat or opportunity develops in the environment. Such responses may take many forms depending on the organization's capability and the environment in which it operates. Well-developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge. These strategic responses include restructuring, marketing, diversification, information technology, culture change, integration, acting defensively, pricing, keeping focus on powerful customers, improvement in quality of products or services, relationship marketing, and lastly, the Porter's generic strategies of cost leadership, differentiation and focus. These are discussed as follows.

Porter (1980) suggests three generic strategies, which are seen to be potentially successful approaches to outperforming other firms in an industry. These strategies are overall cost leadership, differentiation and focus. Pearce and Robinson (1997) noted that firms could sometimes pursue more than one approach as its primary target. They argued that a long-term or grand strategy must be based on a core idea about how a firm can best compete in the market place. The popular term for this core idea is generic strategy.

Cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like research and development, service, sales force, and advertising. To achieve these aims, a great deal of managerial attention to cost control is necessary (Porter, 1980). A low cost position protects the firm against all competitive forces. Such a position provides defense for firms against rivalry from competitors, powerful buyers as well as powerful suppliers. It usually places the firm in a favorable position vis-à-vis substitutes relative to its competitors in the industry.

The focus strategy aims at narrow market segments, product category or certain buyers. This helps firms narrow their operations to specific markets and thus achieve competitive advantage. According to Porter (1980), this strategy rests on the premise that the firm is thus able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. The focus strategy therefore helps firms to direct their strategic plans to align themselves to the environment (Chepkwony, 2001).

Differentiation involves the differentiating of the product or service offering of the firm and creating something that is perceived industry wide as being unique. It can be attained through design or brand name, technology, customer service, dealer network and other dimensions. Pearce and Robinson (1997) observed that strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute. They noted that it provides insulation against competitive rivalry because of brand loyalty by customers and resulting lower sensitivity to price. It also causes increase in margins, which avoids the need for a low cost position.

Restructuring: Structure, as defined by Wilson and Rosenfeld (1996) is the established pattern of relationships between component parts of an organization outlining communication, control and authority patterns. In essence, structure distinguishes the parts of the organization and delineates the relationship between them. One of the major activities of restructuring is business process reengineering. According to Hammer (1996), companies can dramatically improve their efficiency and quality by focusing on customers and processes that create value for them. Outsourcing, for instance, would enable an organization to concentrate on its core business, while benefiting from the cost efficiencies of those companies that specialize on the outsourced activity.

Firms can design their strategies based on their process, for instance through intensification where processes are mapped and improved to enhance customer service, or through extension where strong processes enable entry to new markets. Thompson (1997) states that radical business process reengineering implies that a firm completely

rethinks how certain tasks are carried out and searches for new ways through which performance can be improved. Consequently, this would demand for the breaking down of functional and individual job boundaries as the process do not have to coincide with existing departmental structures. However, Grundy (1995) cautions that speeding activities up without detriment to quality, and without increasing costs, demands more effective learning and feedback in the management process. There are various catalysts for organizational changes such as restructuring. As Senior (1997) noted, these triggers may include the purchase of a new IT equipment or system, business process reengineering through process intensification or extension, the redesign of a group of jobs, staff right-sizing and subsequent staff cutbacks, as well as staff redundancies.

Culture change: Culture change is another strategic response to increased competition in the environment of operation. As defined by Brown (1998), culture is the pattern of beliefs, value, and learned ways of coping with experience that have developed during the course of an organization's history and which tend to be manifested in its material arrangements and in the behaviors of its members. Consequently, an appropriate and cohesive culture can be a source of competitive advantage as it promotes consistency, coordination and control, and reduces uncertainty while enhancing motivation and organizational effectiveness, all of which facilitate the chances of being successful in the market place. Therefore, corporate culture identity, for the marketer, is a strategic tool that is used to manipulate consumer perceptions of an organization and its products or services.

According to Thompson (1997), the potential for changing the culture of an organization is affected by the strength and history of the existing cultures, how well the culture is understood, the personality and beliefs of the strategic leader, and the extent of the strategic need. He notes that the culture of an organization would need to be hanged when it does not fit well with the requirements of the environment or the organization's resources, the company is not performing well and needs major strategic changes, or the company is growing in a changing environment and needs to adapt. Culture change and corporate learning are interdependent. The rate of organizational learning is dependent on

culture, while the rate and content of organizational learning fundamentally influence the firm's culture.

Marketing: Marketing is a social and managerial process. It is a process by which individuals and groups obtain what they need and want through creating and exchanging products of value with others. Basically, it is all about satisfying customer needs and wants (Kotler and Armstrong, 1999). Marketing helps to define the business mission, as well as analyzing the environmental, competitive, and business situations. It therefore plays a major role in the organization's strategic planning process. The strategic marketing responses are based on the marketing mix elements of product, price, place and promotion.

According to Thompson and Strickland (1993), environmental scanning enables managers to identify potential developments that could have an important impact on industry conditions leading to the emergence of opportunities and threats. This will help the managers to develop appropriate strategies given the industry's competitive situation. A number of marketing variables may be manipulated in response to competition. These include adjusting of target markets, diversification, developing new products, distribution changes, and making price cuts (Business Trends Review, 1992).

Pricing is another marketing response tool to increased competition. Though it is a short-lived strategy, it can work for a short time to boost the sales when the prices are revised downwards to attract more customers. Aaker (1996) observes that the pressure to compete on price directly affects the motivation to build brands. Porter (1980) states that price wars kill an industry where firms are engaged in offensive and defensive moves that will mean a more touch on widespread warfare. Also, for a marketer, he can lay the focus on powerful customers as customers pay attention to after sales services, knowledge and responsiveness of employees (Kotler, 1997). There is therefore a need for companies to understand their market place and customers and the need to provide competitive value.

Firms can also respond to competition by improving on the quality of their products or services. Kanuk and Schiffman (1994) state that customers often judge the quality of a product or service on the basis of a variety of information cues, which are either intrinsic or extrinsic. Intrinsic cues concern the physical characteristics and the extrinsic include price, brand image and promotional message. Customer satisfaction is the ultimate measure of quality. Most companies monitor this on the basis of the number of letters of complaints and commendation. Other companies adopt a more pro-active approach and survey their customers on a regular basis to ascertain their perception of service quality (Drury, 1996).

Furthermore, firms can respond to competition by enhancing their relationship marketing campaigns. This involves a process of attracting and keeping customers. On attracting potential customers, the company tries to convert them to repeat customers which are in turn converted into loyal customers who become advocates by patronizing the company and encouraging others to build a long-term "win-win" relationship with customers, which is accomplished by delivering high quality goods or services to them over time. Another marketing variable that comprise the firm's response to competition is advertising (Kotler, 1997)

Information Technology (IT): Rayport and Sviokla (1995) state that competition is defined along two dimensions: the physical world of resources and a virtual world of information. They argue that information supports and enhances every activity in the organization, and it can itself be a source of added value and, hence, competitive advantage, provided organizations are able to draw that value. Strategically, successful organizations obtain market feedback continuously and rapidly, and adapt to the feedback ahead of their rivals. They exploit the potential of strategic as well as competitive and operating information systems. Some of the information technology variables that can influence a firm's response to competition include the usage of real-time systems, extent of interconnectivity of distribution channels, as well as the efficiency of the telecommunication systems.

Technological change, especially IT, is amongst the most important forces that can alter the rules of competition. This is because most activities of an organization generate and utilize the information (Porter, 1985). He states that IT can create new businesses from within a company's existing activities. Luftman (1996) adds that the way a firm views its businesses, customers and competition is critical to successfully aligning its business IT strategy. It is used to automate processes and to augment the skills of the organizations staff.

Intensive Strategies: Market penetration, market development and product development are sometimes referred to as intensive strategies because they require efforts to improve a firm's competitive position with existing products (Fred, 1997).

According to Pearce and Robinson (1997), market penetration involves introducing present products or services into new geographical areas. It is therefore most effective when new channels of distribution are available that are reliable, inexpensive and of good quality. They note that this strategy may be applied when an organization's basic industry is rapidly becoming global in scope.

For product development, it's a strategy that seeks to increase sales by improving or modifying present products or services. When an organization has successful products that are in the maturity stage of the product life cycle, the idea is to attract satisfied customers to try new, improved products as a result of their positive experience with the organization's present products or services (Kiptugen, 2003). Pearce and Robinson (1997) observed that this strategy is most effective when an organization competes in an industry that is characterized by rapid technological developments and when major competitors offer better quality products at comparable prices. They further argue that this strategy is adopted to prolong the life cycle of current products or to take advantage of a favorable reputation or brand name.

Market penetration seeks to increase the market share for present products or services in present markets through greater marketing efforts. As Pearce and Robinson (1997) noted, this kind of strategy includes increasing the number of sales persons, increasing

advertising expenditures, offering extensive sales promotion items, or increasing publicity efforts. Market penetration strategies are most appropriate when increased economies of scale provide major competitive advantages.

Diversification Strategies: Fred (1997) observed that there are three general types of diversification strategies. These are concentric, horizontal and conglomerate. Concentric diversification involves adding new but related products or services. According to Jauch and Glueck (1988), this calls for a firm to build on the assets or activities that it has developed. Horizontal diversification is adding unrelated products or services for present customers. According to Pearce and Robinson (1997), this strategy can be applied when an organization competes in a highly competitive and or no-growth industry, as indicated by low industry profit margins. Conglomerate diversification is the adding of new unrelated product or services. Conglomerate diversification would be most effective when an organization's basic industry is experiencing declining annual sales and profits. It would also be applicable when the organization has the capital and managerial talent needed to compete in the new industry (Fred, 1997).

Integrative Strategies: Forward integration, backward integration and horizontal integration are sometimes referred to as integration strategies. These strategies allow firms to gain control over distributors, suppliers and competitors (Fred, 1997). Forward integration involves gaining ownership or increased control over distributors or retailers. According to Cheluget (2003), this kind of response would be appropriate when a firm competes in an industry that is growing and is expected to continue to grow markedly. Backward integration is a strategy of seeking ownership or increased control of a firm's suppliers. This strategy can be especially appropriate when a firm's suppliers are unreliable, too costly, or cannot meet a firm's need or when the number of suppliers is few and the number of competitors is high. Horizontal integration refers to a strategy of seeking ownership or increased control over a firm's competitors. This strategy is most effective when an organization can gain monopolistic characteristics in a particular area or region without being challenged. It can also be effective when competitors are

faltering due to lack of managerial expertise or a need for particular resources that your organization possesses (Pearce and Robinson, 1997).

Defensive Strategies: Apart from the strategies discussed above, organizations can also pursue strategic alliances, joint ventures, retrenchment, divestiture, or liquidation and mergers/acquisitions. Strategic alliances involve pulling of resources with other organizations, to band together in order to exploit opportunities and to share ideas and information (Burnes, 2000). Such alliances are for cases when the resources of the various partners are insufficient to allow them to undertake the project by themselves or to take advantage of an opportunity that has arisen. A joint venture is a strategic alliance that occurs when two or more companies form a temporary partnership or consortium for the purpose of capitalizing on some opportunity. This strategy can be considered defensive only because the firm is not undertaking the project alone.

Retrenchment occurs when an organization regroups through cost and asset reduction to reverse declining sales and profits. During retrenchment, strategists work with limited resources and face pressure from shareholders, employees and the media. This strategy would be very effective when an organization has a clearly distinctive competence, but has failed to meet its objectives and goals consistently over time. Divestiture is the selling of a division or part of an organization. It is often used to raise capital for further strategic acquisitions or investment. According to Johnson and Scholes (2001), divestiture can be an overall retrenchment strategy to rid an organization of businesses that are not profitable. Liquidation is the selling of a company's assets, in parts, for their tangible worth. It is the recognition of defeat and consequently can be an emotionally difficult strategy.

A compelling reason to develop by acquisition is the speed with which mergers and acquisitions allow companies to new product or market areas. In some case, the products or markets are changing so rapidly that this becomes the only successful way of entering the market successfully (Johnson and Scholes, 2001). Another reason for acquisition is lack of resources or competence to develop a strategy internally. There are also financial

motives for acquisitions as well as cost efficiency case. Mergers are more typically the result of organizations coming together voluntarily because they are actively seeking synergistic benefits, perhaps as a result of common impact of a changing environment in terms of either opportunities or threats.

Many if not most organizations pursue a combination of two or more strategies simultaneously, but a combination strategy can be exceptionally risky if carried too far. No organization can afford to pursue all the strategies that might benefit the firm. Difficult decisions must be made and priorities established. Organizations have limited resources and as a result, they must choose among alternative strategies and avoid excessive indebtedness

Expected information was to determine KNEC's areas faced by competition and its major competitors. The primary data was also to establish challenges encountered by KNEC and its responses to increased competition. Data was collected from all levels of management (top, middle and low) with five respondents from each level. These cadres of staff control the organization's resources, make policy decisions and are therefore directly involved in making strategic decisions. A total of 15 respondents were interviewed.

3.3 Data analysis

Given the nature of the study, data was analysed using content analysis. This being a case study, most responses were expected to be qualitative in nature, and hence necessitating content analysis. This type of analysis was deemed appropriate, as it did not limit the respondents on their answers. Analysis of the collected data was guided by variables such as improvement in processes and procedures by the body with increased competition and variation in the body's long term plans.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was conducted through a case study design. This was appropriate in that it gave a detailed investigation of a single subject. KNEC, being a major player in the assessment industry, can be considered important in understanding the challenges of increased competition in the industry and the responses to such competition.

3.2 Data collection

Given the nature of the study, primary data was used. Personal face-to-face interviews guided by a semi-structured interview guide were conducted (see appendix II). A tape recorder for recording qualitative answers on willing respondents was also used. The interview guide was divided into two parts. Part one was for top level management and part two for middle and low level management.

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CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This study focused on four major objectives. First, it sought to identify the areas in which KNEC's faces competition in the assessment industry. Secondly, the research sought to identify KNEC's major competitors. The third objective for the study was to establish the challenges encountered by the KNEC due to competition. Finally, this study sought to establish the responses by KNEC to increased competition in the assessment industry.

The primary data for this study was captured through personal interviews conducted by the researcher. For the study to realize its intended objectives, the primary data was collected from all levels of management (top, middle and low) with five respondents from each level. These cadres of staff controlled the organizations resources, made policy and were therefore directly involved in making strategic decision. A total of 15 respondents will be interviewed.

After the data was collected, the data was analyzed using content analysis. This chapter presents the analysis of the data and findings of the study based the primary data collected from the respondents pertaining to the responses by KNEC to increased assessment industry.

4.2 Areas of Major Competition

One of the research objectives that this study sought to achieve was to identify the areas in which KNEC faces competition in the assessment industry. Respondents were asked to indicate the areas in which KNEC's faced competition in its operations as per its Act of establishment. According to the interviews conducted, most of the respondents content with the fact that KNEC is one of the major players in the assessment industry. Despite the fact that it is a Government corporate body, it has seen many competitors entering its domain as a result of liberalization and commercialization of education. However, as the findings of the study showed, it is still a monopoly since it has the government backing through an act of Parliament.

However, findings established that despite the body's established image in the assessment industry, liberalization and commercialization of education has provided an avenue for many players to venture into this industry. It was evident from the interviews that KNEC is currently facing stiff competition particularly with respect to the post-school education examinations examines.

Interviews indicated that the major areas that KNEC operates under increased competitive pressure is in the Business and Technical education levels, administered by KNEC in public and private institutions in the country.

4.3 Competitors in the Assessment industry

The study's second objective was to identify KNEC's major competitors. In the same manner as for the first research objective, data for this objective was captured through personal interviews whose responses were recorded accordingly. Findings from the interviews indicated that despite the fact that KNEC is a monopoly, major competitors did exist in the assessment industry.

According to the respondents, foreign examinations Boards were identified as the major competitors of KNEC particularly in the business and technical oriented examinations. One of the major competitors identified in the foreign examination field was City and Guilds. This examinations Board offers its service mainly to areas of Technical Education. Furthermore, to make the field more competitive for KNEC, City and Guilds has since merged with Pittman Examinations Board, which used to offer Business Examinations. As a result, respondents indicated that the merger has given City and Guild a competitive advantage in this particular industry by offering both Technical and Business examinations.

As indicated by the respondents, other major foreign boards that offer examinations in the post-schools area are the Association of Business Executives (ABE), Association of Business Managers and Administrators (ABMA), Chartered Institute for Purchasers and

Suppliers (CIPS), Chartered Institute of Marketing (CIM) and Institute of Chartered Marketers

The respondents identified the Institute for the Management of Information Systems (IMIS) as another major foreign competitor to KNEC. This board offers computer technology training and examinations in both business and technical education.

Kenya Institute of Management (KIM) was noted by the respondents for its courses and examinations at the Business Management level. Its competitive edge is the fact that the curricula are developed by the Kenya Institute of Education, as is the case with KNEC. KIM has expanded its branch network and has enhanced its collaborative arrangements with other institutions like Dima College and Nairobi Institute of Business Studies (NIBS). Various colleges are now offering examinations from KIM.

Research findings revealed that all Universities in Kenya are competitors of KNEC. The curriculum consists of certificate and diploma courses that have examinations similar to those offered by KNEC. It was established that the competitive edge enjoyed by these universities is the fact that they offer bridging courses that qualify students to sit for examinations, similar to those offered by KNEC.

Findings further established that in these universities, students are also guaranteed of the chance to sit for Graduate and Postgraduate courses. The universities offer bridging courses for those candidates who do not meet their entry requirements a situation not common in KNEC's arrangement.

Respondents identified the Kenya Polytechnic as competing with KNEC by offering internal courses, examinations and hence certificates. Apart from this, respondents pointed out that KNEC faces competition from the Kenya Medical Training Colleges. It was established that the Kenya Medical Training Colleges (KMTCs) offer their own courses, examinations and internal certificates. In spite of the aforementioned, the study

revealed that KNEC conducts examinations in some areas of medical training like pharmacy.

Another competitor to KNEC as identified by the respondents was the Directorate of Industrial Training (DIT). The source of its competition to KNEC was the fact that it offers grade tests to private candidates, who learn on the job. Furthermore, the study established that most of its examinations and certificates have no academic requirements, unlike KNEC's. Consequently, the respondents noted that this has posed a challenge to artisan technical and business courses examined by the KNEC, which requires one to have done KCPE examinations and must be an institutional candidate to sit for the examinations.

The study further established that KNEC is still a monopoly yet there has been a major competitor to KNEC. Respondents pointed out that The Kenya Utalii College is also a competitor to KNEC. This institution offers different courses such as Diploma in Food Production, Laundry, Housekeeping and Front Office Services. KNEC offers one diploma course which combines all the latter courses offered by Utalii College. As a result, the study confirmed that this has caused most post-school students to prefer Utalii College Diplomas.

4.5 KNEC's Responses to Competition

Respondents further identified other institutions such as the Kenya School of Aviation, and the Eldoret Aviation College as other competitors in the assessment industry. It was noted that these institutions develop their own curricula and offer certificate courses similar to those offered by KNEC.

Finally, respondents indicated that the Uganda Examinations Board is also another competitor of KNEC. It was confirmed that many Kenyan Students move to Ugandan institutions to sit the 7-4-2 examinations system offered there. The study established that the Ugandan system is also a more affordable education system when compared to the 8-4-4 system offered in Kenya.

4.4 Challenges Facing KNEC as a Result of Competition

Respondents were asked to indicate the challenges that the Kenya National Examinations Council faced as a result of the increasing competition in the industry. From the interviews conducted, it was established that KNEC indeed faced various challenges as a result of the competition. One such challenge noted was in the Technical Examinations where some courses are dying in artisan and craft. These include courses such as carpentry, joinery and Masonry. It was established that this is due to the fact that undertaking these courses is so expensive as they require a lot of expensive machinery and materials. Consequently, findings indicated that most institutions would not offer these courses since it is expensive to put up these machinery and materials.

The study further established that KNEC is still a monopoly yet there has been a major outcry of candidature not increasing. Candidature has remained almost the same and has not increased. However with the increase of candidates in Kenyan schools, one would expect increase of KNEC post-schools candidates. Most respondents indicate that this is due to increased competition from other boards and institutions.

4.5 KNEC's Responses to Competition

The fourth and final objective of this study was to establish the responses by KNEC to increased competition in the assessment industry. From the responses, there seems to have been an inclination by all the responses to the fact KNEC is facing stiff competition. As a result, most responses put in place are to increase efficiency and improve on services in order to increase its candidature. The responses adopted are discussed below:

4.5.1 Modularization of Courses

As at present, most of the respondents content with the fact that KNEC has very stringent rules that do not allow flexibility in scheduling of exams. As a result, it was noted that candidates were shifting to other boards, whose flexible examination requirements allowed them to sit their examination when they wanted.

The study revealed that in order to compete with other boards, KNEC has introduced modular courses in the business and technical examinations. However these modules are not terminal but are a requirement to the next modular. This was established to be a major response to make it flexible for candidates to sit KNEC's examinations when they want.

4.5.2 Enhanced Information Technology

In order to attract more candidates, the study established that KNEC has embarked on improving its services. For instance, it was established that this year, KNEC has established a website where candidates can access all information regarding examinations offered, requirements, and where they can be serviced.

From the Finance and Accounting department, it was established that KNEC has necessitated networking of its accounts operated in various banks in the country. It was established that KNEC has made it possible for candidates to register at their locations by depositing fees into nearest bank accounts in order to reduce customers/ candidates' movement to the headquarters to pay examination fees.

4.5.3 Marketing

The study established that satisfaction of current candidates as well as potential once was key to KNEC's performance in the competitive assessment industry. From the interviews, the study established that KNEC has established a Public Relations office headed by a senior officer who responds to all queries from the public and media. It was revealed that this is to strategically improve and enhance its public image in the country as a body that is responsive and working to the success and satisfaction of candidates. As a marketing tool, it was established that KNEC has enhanced faster delivery of services such as responding to letters and responding to clients. In addition, standards have been put in place to ensure quality of examinations' materials and delivery of these to candidates on time.

4.5.4 Staff Training

Findings of the study showed that for the last one and a half years, KNEC has embarked on a vigorous training of staff at all levels in order to equip them with skills to offer quality and efficient services. Respondents indicated that currently, the institution is training its staff on ISO standards in order to meet international standards in the services that it offers. This has also been extended to the various agents of the body. In order to improve on the quality of its services, KNEC has also trained its examiners and moderators on examinations related issues.

4.5.7 Office Accommodation

4.5.5 Strategic Plan

For the first time in history, KNEC has established its strategic plan this year, which acts as a guideline for year 2005 – 2010. From its plans, it targets to guide its staff in their daily duties. This is aimed at improving its services. Research findings indicated that development of the strategic plan was a response to the issues, challenges and problems that were emerging from the body's environment of operation. As per the interviews, competition was one of the motivating factors motivating the development of the strategic plan.

According to the respondents, the strategic plan has set out a new strategic direction for the Council with its new mission to objectively evaluating learning achievements so as to enhance and safeguard nationally and internationally acceptable certification standards. Respondents further pointed out that development of the strategic plan is a step forward as a response to competition in the assessment industry. They pointed to the fact that the strategic plan outlines the programme of intervention required to realize an effective assessment and articulate the investment programme of the council for the next five years. In addition, respondents indicated that the strategic plan outlines a plan for obtaining budgetary resources as per the MTEF requirement of the government and provides a basis for performance planning, implementation and evaluation.

4.5.6 Cost Reduction

Findings indicate that KNEC has also embarked on various cost cutting in all its areas in order to raise its financial ease. Most noted by the respondents was in areas such as suppliers, where wastage had been on the increase. Staff has also been sensitized on reducing costs on basic things such as writing materials and time management amongst others. In addition, Shuttles have been introduced to ply at different times to the different KNEC buildings in order to reduce fuel costs.

4.5.7 Office Accommodation

Findings of the study revealed that staffs at KNEC are housed in four different buildings. Respondents reported that this has been a challenge to clients who have to move from one building to another in order to be serviced by the different staff. In addition, office accommodation has also proved a challenge to customers who may require to be served by the different department in the different buildings.

However, the study established that KNEC has embarked on the construction of its own headquarters along Mombassa road in Nairobi. Already this year, one division has moved there. It is encouraged that in the next five years all the KNEC staff will be in one roof and clients will be served very first. This is seen as one way where cost of movement will be reduced and in turn make it easy for its clients.

4.5.8 Frequent Stakeholders Meeting

KNEC relies a lot on education officers as agents in the regions in administering its examinations. Since last year, findings showed that KNEC has had frequent meetings with the Provincial and District Education Officers who administer and manage its examinations on the ground. According to the respondents, this is to improve the relationship with these agents and sensitize them on the need for efficient services as well as market its products to potential candidates. KNEC has also held frequent meetings with its chief examiners, moderators and tests developers.

4.6 Factors Affecting KNEC's ability to Respond to Competition

Despite the fact that KNEC has adopted various response strategies to make it sustain competition pressure in the assessment industry, most respondents indicated that KNEC has more disadvantages than advantages as compared to other boards and institutions, which offer examinations. It was noted that KNEC does not develop the curricula like other boards. It examines Kenya Institute of Education curriculum, which are occasionally reviewed. In relation to this, respondents noted that some of the curriculum developed by KIE is not market oriented. Some of the courses are obsolete, leading candidates switching to other boards.

Other challenges encountered in responding to competition in the assessment industry were that entry requirements to KNEC examinations are high and rigid; and that KNEC relies on education officers on the ground as agents to administer its examinations. Furthermore, it was established that finance is a major challenge faced by KNEC. This has an impact on the quality of services it offers as compared to other boards. Moreover, the Education system in Kenya is expensive thus examinations requirements such as projects are expensive. Finally, it was established that most KNEC's examinations require candidates to be in institutions and therefore do not cater for individuals who are on a job.

CHAPTER FIVE

SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 Introduction

This chapter concludes by looking at the summary, discussions and conclusions from the research findings highlighted in the previous chapter. It also provides the limitations of the study, recommendations for further study, policy and practice.

5.2 Summary, Discussions and Conclusions

This section presents the results of the study, which are summarized, discussed and conclusions drawn with respect to the research objectives. The first objective of the study sought to identify the KNEC's areas faced by competition. The results indicate that KNEC is currently facing stiff competition particularly with respect to the post-school education examinations.

Interviews indicated that the major areas that KNEC operates under increased competition pressure is in the Business and Technical education levels, administered by KNEC in public and private institutions in the country. It was established that KNEC post-school examinations is the area where competition is high. Business and Technical examinations are more prone to competition than any other areas. It was established that these are areas where some courses are dying yet the candidature to post-schools remains almost the same. The study found out that this is due to various competitors in the assessment industry that the candidature is not increasing tremendously as expected.

Results of the study indicate that due to liberalization, many players have entered in the industry offering candidates a broader array of choices from which to make a selection of the examinations to sit for. From the foregoing discussion, the following conclusion can be drawn. KNEC no longer enjoys the monopoly in the assessment industry because of liberalization of the market. KNEC's success as a leading assessment body is under threat due to the existence of other examinations offered by other players in the industry.

The second objective of the study was to identify KNEC's major competitors. The results of the study indicate that many other players have come into the assessment industry and now threaten the survival of KNEC particularly with respect to business and technical examinations. Many competitors were identified ranging from private institutions to universities and foreign boards. Market conditions have changed and candidates contribute by flexible schedules and requirements to qualify for certain examinations. From the study, KNEC has made little effort to reduce the rigidity in its requirements for admission into certain examinations. As a result, it has continued to lose candidates to its competitors. The study established that they are a threat and KNEC needs to respond immediately and vigorously.

The study further sought to establish the challenges encountered by the KNEC due to competition. The results indicate that in Technical Examinations some courses are dying in artisan and craft. These include courses such as carpentry, joinery and Masonry. In addition, candidature has remained almost the same and has not increased. From the discussion, as a result of competition, KNEC is bound to have some of its courses turn obsolete.

Objective four sought to establish the responses by KNEC to increased competition in the assessment industry. The results indicated that the body has made some positive moves towards becoming more competitive even though the effect has been minimal in relation to competitor moves. Responses adopted by a firm need to guide it towards achieving competitive advantage in a dynamic industry like the assessment industry.

One such strategy adopted by KNEC was modularization of courses. This was established to be a major response to make it flexible for candidates to sit KNEC's examinations when they wanted. This has helped the body though these modules are not terminal but are a requirement to the next modular.

Efforts have been made to enhance the use of modern technology in the body's operations. In order to attract more candidates, the study established that KNEC has

embarked on improving its services. It was established that KNEC has established a website where candidates can access all information regarding examinations offered, requirements, and where they can be serviced.

KNEC has also tried to enhance its marketing efforts. The study established that KNEC has established a Public Relations office headed by a senior officer who responds to all queries from the public and media. However, more vigorous marketing efforts need to be adapted by the body to sell itself.

Respondents pointed to the fact that the strategic plan launched this year was a response towards competition in the industry. The plan outlines the programme of intervention required to realize an effective assessment and articulate the investment programme of the council for the next five years.

From the discussion, KNEC is faced with competition in several of its areas of assessment emanating from various other players; as a result, the body is faced with various challenges. In line with this, KNEC has had various efficiency improvement strategies to competition. However, the responses appear to be minimal and not creative enough to withstand competition. It needs to be more profit oriented and formulate more of proactive strategies that are unique and not open to all the players

5.3 Limitations of the Study

It was not possible to access the Chief Executive Officer. At the same time, senior Deputy Secretaries were busy. In addition, the time for data collection was inadequate to capture the anticipated data for the research.

5.4 Recommendations for Further Research

KNEC is a public corporation whose activities are heavily influenced by the government. I would recommend a study to establish the influence of the government on the effectiveness of the body to respond to environmental challenges, competition being one.

5.5 Recommendations for Policy and Practice

The study established that KNEC is faced by increased competition. The following are recommendations established. First KNEC should embark on vigorous marketing of its services both in the audio and print media. In addition, KNEC should offer bridging courses to make entry requirement easier. It should offer repetition of particular subjects failed by candidates in the KCSE area to allow candidates improve their grades hence easier to enroll in the post-schools examinations.

Furthermore, the body needs to empower its functional divisions so as to be proactive in their operations. The Research division should be enhanced and empowered to propose to KIE areas of curricula and syllabus review depending on the market needs so that KNEC examinations can be market oriented. The division should also closely monitor what competitors offer in order to update and guide the body on new areas in the market to be examined.

In addition, the body needs to enhance its collaborative arrangements and work with other boards especially foreign boards and establish ways on how to accredit them. Also, KNEC's act should be reviewed in an aim to allow it to make money, charge some examinations of costs i.e. post-schools. In order to sustain itself; it should allow working individuals to sit for examinations by incorporating phased assessment and project evaluation as opposed to coursework assessment; and it should take more interest in studying current trends of training needs and discover areas where it can develop examinations. Finally, the Ministry of Education should closely monitor standards of examinations offered by foreign boards and control entrance by foreign boards so as to education standards in the country.

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I am a postgraduate student at the University of Nairobi currently carrying out a study on the above subject within KNEC.

I kindly request for some of your time for a face-to-face interview on issues relating to the above topic.

Your responses will strictly be treated as confidential and your name will not appear or recorded anywhere in the report.

Thank you for your co-operation.

Yours Sincerely,

Rebecca P. Leake-oti

APPENDIX I

Letter of introduction to the Respondents

TOP LEVEL MANAGEMENT

Rebecca P. Lesecketeti
University of Nairobi
School of Business
Department of Business Administration

Dear Respondent,

REF: RESPONSES TO INCREASED COMPETITION BY KNEC

I am a postgraduate student at the University of Nairobi currently carrying out a study on the above subject within KNEC.

I kindly request for some of your time for a face-to-face interview on issues relating to the above topic.

Your responses will strictly be treated as confidential and your name will not appear or recorded anywhere in the report.

Thank you for your co-operation.

Yours Sincerely,

Rebecca P. Lesecketeti

APPENDIX II
INTERVIEW GUIDE
TOP LEVEL MANGEMENT

1. Does KNEC have a strategic plan?
2. How important would you consider such plans to be responsive to the competitive levels in the assessment industry?
3. Has there been a change in the long-term planning at KNEC in response to increased competition?
4. What role does KNEC play as a public examinations' assessment body. (Functions highlighted in Act of Parliament)
5. In what ways does the government support the body to perform these functions?
6. What controls has it put in place to ensure that these functions are performed?
7. Who are your major competitors?
8. In what levels of examinations is competition experienced?
9. In what ways has the entry of these other assessment bodies affected KNEC?
10. How easy is it for candidates to switch from one examining body to the other?
11. What challenges have the entry of the other players posed to KNEC?
12. How is KNEC responding to competition?
13. If yes in 12 above, how has it?
14. Have these responses been effected?
15. Has there been corporate restructuring at KNEC in the Last 5 years?
16. If yes in 15 above, describe the nature of this restructuring?
17. Has KNEC recently been training its staff, employing/outsourcing experts, improved its IT and adopted aggressive marketing strategies in its response to competition?
18. To what extent is the body using collaboration as a response to increased competition?
19. Please indicate any other responses that KNEC has made as a result of the increase in competition.

APPENDIX II: Continued
MIDDLE AND LOW LEVEL MANAGEMENT

1. Who are the major competitors of KNEC?
2. In what ways have these competitors affected KNEC?
3. In what ways can these challenges be overcome?
4. To what extent are your services differentiated from other competitors? Explain the basis.
5. What is the competition in the assessment industry based?
6. Are there challenges that make KNEC less attractive than other boards? If yes which are they and how can they be overcome?
7. In what levels of examinations is competition increasing?
8. In what ways has competition affected your function?
9. What major changes have you made in your section in response to the increased competition in the assessment industry?
10. Have there been changes in the Culture at KNEC?
11. What is the current status of the process of culture change at KNEC?
12. Please indicate any other responses that KNEC has made as a result of the increase in competition.