

**SOURCES OF SUSTAINABLE COMPETITIVE
ADVANTAGE IN TOP RANKING SECONDARY
SCHOOLS IN NAIROBI**

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DECLARATION

This management project is my original work and has not been presented for a degree in any other university.

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This management proposal has been submitted for examination with my approval as university supervisor.

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ABSTRACT

A number of research studies have been done on sustainable competitive advantage. Interestingly, research done in various industries have not validated any single, clear set of practices that sustain high performance but some guiding principles that would set one in the right direction. However, very little if any empirical research has been done in the service industry. The purpose of this study therefore was to identify sources of as well as strategies used in top ranking secondary schools in Nairobi to sustain competitiveness.

To realize the purpose, the population was of 18 schools that met the criteria of being consistently in the top in national examination (K.C.S.E) in Kenya for the years 2003, 2004, 2005, 2006 and 2007, and are based in Nairobi. Since the population was small, all the schools were sampled. The effective sample was 17, the ones who responded. A questionnaire was administered on a 'drop and pick later' basis.

The processing and analysis of data involved computation of frequencies, percentages and means. Data was presented in bar graphs and frequency tables.

The study revealed that the schools are keen on improving the skills of their staff, and are close to the customer. Communication played a big role in unifying the links amongst the staff, parents and students. Technology has greatly been embraced by

these schools, giving them a competitive edge. Majority of the schools were characterized by visionary and strategic leadership.

CHAPTER ONE: INTRODUCTION

1.1 Background

Organizations operate in all areas through people. It is their contribution, which determines success, and their skills and knowledge, which need to be cultivated and then leveraged to create competitive advantage. Sustainability of this competitive advantage comes from the development of tightly coordinated and complementary activities and directed towards producing a strategy of differentiation and making a unique offering to customers (Rob, 2007).

A number of capabilities are needed by an organization if it is to develop competitive advantage and achieve success in a competitive context, according to Ulrich (1997). It is necessary to develop a shared mindset, which will enable the development of a unique identity for the organization in the minds of all stakeholders, and it is this shared mindset which is an enabler for the creation of wealth for all. Ulrich (1997) also suggests that organizations need to be able to capture the intellectual capital or tacit knowledge of its employees and to do this it is argued that the management needs to involve and engage employees fully in the activities of the organization.

Competitive advantage comes from the way activities fit and reinforce each other, (Porter, 1996) with the advantage arising out of the entire system of activities and not from the production or availability of a particular product or service or the possession of a particular capability. Rivals can readily copy individual products or services, but those capabilities that are built upon the way people manage and

control activities, centered on the optimization of value from resources, are harder to duplicate.

1.1.1 Concept of Sustainable Competitive Advantage

The satisfaction of consumer wants in a superior way to rivals requires organizations to concentrate on building distinct capabilities based on a series of tightly coordinated activities. To achieve competitive advantage the activities as above need to be complementary and must result in single-mindedness or consistency in action. A consistent complementary in the activities, to produce for example an effective differentiation strategy, will produce a strongly reinforced approach to differentiation, a strong communication to customers and a consistent message to other stakeholders about the contribution required from them. These interlocking activities can be even further enhanced if a consistency is developed in relation to other steps in an organization's value chain and attempts are made to promote this differentiation in all critical success factor areas.

With this emphasis, differentiation becomes an all-consuming aim of providing differentiated value and exceeding buyer's expectations. A competitive position, built around a culture of providing differentiated value, will be exceedingly difficult for rivals to copy and hence delivers a sustainable competitive advantage. An organization's competitive strategy is developed as a choice between the three generic strategies: low cost leadership, differentiation and best cost provider strategy (Thompson and Strickland, 2001) and consistency are required between the selection of a strategy and the activities that are needed to support it. The choice of

strategy will also be affected by an intention to satisfy a selected group of customers or supply a particular selection of products or services.

Sustainable Competitive Advantage is the ability for a company to sustain leadership over along period of time such that their products and services become the defacto standards (Tang and Bauer, 1995). The company becomes simultaneously the most widely imitated and most envied in the industry. As indicated by examination performance, both private and public secondary schools have those that perform well and those that do not, making the ones that perform well very competitive, with everyone seeking their children to join these high performing schools.

Sustainable competitive advantage results in sustained leadership and acceptance of the firm's product and services as the standard by which all others are judged. Sustainability is achieved by being visionary and a creator of opportunity, but doing this ethically and fairly, while being a very tough competitor (Tang and Bauer, 1995). Firms that sustain high performance are toughest on themselves; they anticipate, create, and act. They shape the future rather than adjust to it. They are viewed as role models in the industry and they are the envy of the competition. Their supremacy is acknowledged by customers and competitors.

Sustainable competitive advantage is not about competing unfairly to gain an advantage, and it is certainly not about unethical competitive practices with which to win over customers. Sustainable Competitive advantage is an attitude, an attitude that begins with a realization that a leadership position is no guarantee of long term

success especially in a global market place. Sustainable competitive advantage is the recognition that becoming a leader is only half the battle, at best. The other half is remaining a leader by consistently raising and creating new standards and levels of excellence (Tang and Bauer, 1995).

More intelligent organizations are more able to integrate the knowledge and skills of employees in competitively valuable ways according to Thompson and Strickland (2001) and develop the knowledge and skill capabilities to be able to use the resources to create competitive advantage by managing the value chain effectively, rather than the organization just possessing resources. This ability to manage the value chain better than rivals is an argument also used by Ulrick (1997) when he argues that it is increasingly being recognized that the only competitive weapon an organization really has is its ability to organize work better than their rivals. Pfeffer (1994) also supports this line of argument by claiming that competitive advantage comes from managing people effectively and that competitive advantage will be sustainable because the causes of the success will not be highly visible or transparent and this will make the advantage very difficult to copy.

The development of sustainable competitive advantage is a vital management function and an important requirement in the nurturing of a knowledge creating environment to enable the organization to exploit and develop resources better than rivals and create sufficient knowledge to address the industry's future success factors (Rob, 2007).

The search for sustainable competitive advantage should be a search for a superior competitive position for the organization but despite this, it is possible that an organization may stray from its generic strategic position by attempting to graft on to its strategy any differentiation feature added by any rival. This might appear to be successful in protecting the organization from the strategic moves of rivals, but will fail in the task of producing real differentiation in the form of a unique offering to customers. This continual sharing of differentiation features, or a me too approach, does nothing to enhance the market standing of the organization or to provide performance superior to that of rivals.

1.1.2 Top Ranking Secondary Schools in Nairobi, Kenya

Education is defined as the system in which inputs (students, teachers, classrooms educational materials etc) through the mediation of critical processes (learning and teaching) become outputs (students with specific skills, measurable knowledge etc) and more broadly defined outcomes (an educated, productive workforce) (Costin, 1999). The ultimate goal of an educational organization is to educate students. This could be detrimental as the government and the society spend so much in terms of scarce resources on schools.

As at May 2007, there were 126 registered secondary schools in Nairobi offering the 8-4-4 system of education (Ministry of Education, 2007). Out of these, 71 are privately run and owned either by individuals or by institutions while 49 are public schools run and owned by the government. Out of the 47 government schools, only 5 are National Schools while the rest are Provincial Schools.

According to 1998 Ministry of Education Science and Technology (MOEST) master plan, secondary school education is extremely crucial in that at the end of the cycle students sit for Kenya Certificate of Secondary Education (KCSE) examinations, which are administered by the Kenya National Examination Council (KNEC). Usually, KNEC issues absolute performance of schools analyzed on the basis of raw score and is published in the annual KCSE newsletter which schools and teachers are encouraged to use in their efforts to improve pupils learning. The analyzed results form a firm foundation for more competition in our schools (Ministry of Education KCSE analysis, 2007). To this extent it should be assumed that national examination rankings are a partly accurate measure of the schools performance. In terms of inputs into the learning process, management has been listed as contributory to good performance (Deolalikar 1999).

Before the entry of private schools, competition amongst schools was not emphasized for two reasons: first, all schools were public schools and thus had more or less the same facilities – resources, funding, trained teachers etc. Secondly, it was further expected that National schools should perform better than Provincial schools, which should in turn perform better than District schools. This is because the entry behavior in terms of the marks at the Kenya Certificate of Primary Exams (KCPE) was highest for National schools, then Provincial schools, then District schools in that order. With the entry of private schools in the mid-late 1990s, the ball game has tremendously changed. For private schools, entry behavior in terms of KCPE marks is determined by the school unlike for public schools where students are posted

electronically to schools depending on the marks of the student and choice of school by the students at standard eight level. This, coupled with a population explosion, together with the demand for quality education, has led to very stiff competition amongst the private as well as the government secondary schools.

It is believed that since all capabilities have a finite life span, the pursuit of new sources of competitive advantage is a crucial strategic task (Rumelt 1991). Previous research on genesis of capabilities largely has concentrated on sources internal to the firm (e.g. Clark and Fujimoto, 1991; Henderson and Cockburn, 1994). In their paper, Eitan Naveh, Alfred Marcus, Hyoung Koo Moon (2000), adopt the argument that managerial capabilities arise out of the competitive dynamics of first and second movers, and that these competitive dynamics often are played out in rich networks of embedded ties. Results of the research showed that capability is gained as a result of learning and therefore advantage is more likely, regardless of whether the organization is a first or second mover.

1.2 Statement of the Problem

Historically, dominant corporations lose their leadership position and succumb to competitive pressure and market dynamics because they fail to change the traditional processes and methods that made them successful. They do not recognize the environmental and technological changes that affect market demand and consumer expectation; nor do they recognize the rate of change (Tang, 1995).

A number of research studies have been done on sustainable competitive advantage. Interestingly, research done in various industries have not validated any single, clear set of practices that sustain high performance, but some guiding principles that would set one in the right direction. Research done by Hodgetts (1994) on US firms highlights the difficulty in maintaining or sustaining competitive advantage. This survey based on 100 of the largest firms showed that over a 12 year period, 82 percent of them had declined in performance or disappeared off the list entirely. Roberts et al (1998) conducted an excellence study in sports and sports organizations and has a view that more such studies are needed in service-sector establishments. Oluoch (2001) conducted an excellence study, establishing factors that bring about excellence in primary schools in Nairobi. She further suggested that research be done at a comparative level. She identified attributes that are consistently present in high performing primary schools.

In view of the above, and given the importance associated with passing examinations, it would be of interest to many to identify through empirical evidence, the basis and development of sustainable competitive advantage in top ranking

secondary schools in Nairobi. Many schools have excelled, but a few have sustained the top ranks. In this study, performance will be equated to sustainable competitive advantage or what others call competitive dominance (Tang and Bauer, 1995) yet others call it Excellence (Peters and Waterman, 1982). Although a number of studies have been done on competitive advantage, none has focused on top ranking secondary schools in Nairobi.

1.3 Objectives of the Study

This study aimed to achieve the following objectives:

1. To determine the sources of sustainable competitive advantage in top ranking secondary schools in Nairobi.
2. To identify strategies used by top ranking secondary schools in Nairobi to sustain competitive advantage.

1.4 Importance of the Study

A number of capabilities are needed by an organization if it is to develop competitive advantage and achieve success in a competitive context, according to Ulrich (1997). It is necessary to develop a shared mindset, which will enable the development of a unique identity for the organization in the minds of all stakeholders, and it is this shared mindset, which is an enabler for the creation of wealth for all. Ulrich (1997) also suggests that organizations need to be able to capture the intellectual capital or tacit knowledge of its employees and to do this it is argued that the management needs to involve and engage employees fully in the activities of the organization.

The Ministry of Education Science and Technology (MOEST), through the Kenya Education Staff Institute (KESI) would get an insight on areas of management that are critical to sustain good performance as it goes about strengthening the capacities of educational managers at the secondary level.

To principals and teachers in both public and private secondary schools, this study would help them get an insight into how to build competitive advantage thereby improving the performance of their schools. A good performance in national examinations would bring about promotions for principals and teachers in the public schools while high ranking for the private secondary schools, would result to a high demand for the school hence more profits!

For scholars, it will add to body of with respect to sustainable competitive advantage. It will also stimulate further researches in the area of sustainable competitive advantage.

CHAPTER TWO: LITERATURE REVIEW

2.1 Sustainable Competitive Advantage

Businesses succeed when they possess some advantage relative to their competitors. Gaining this competitive advantage is the objective of strategy (Porter, 1996). Corporations which gain competitive advantage in their industries usually adopt specific strategies including innovation, improved processes, higher quality, and lower cost and marketing in order to achieve this goal.

Porter (1980) offers three generic strategies of cost, differentiation, and focus that may be used to gain competitive advantage. Companies may use any one or combination of these strategies to gain a competitive advantage. Businesses that are able to create a competitive advantage by using one or more of these strategies will experience above-average profitability within their industry. Businesses that use both cost and differentiation strategies to achieve competitive advantage usually realize the highest levels of profitability within their industry (Porter, 1980; Pearce and Robinson, 2000).

It has been shown that achieving effective concentric diversification or growth around the core business requires the firm to possess a competitive advantage in its core business. So step number one is to create a competitive advantage. Several sources of competitive advantage are available to the firm – including investment in core competencies, operational effectiveness, and strategic fit of activities – which should be supported by attention to social factors.

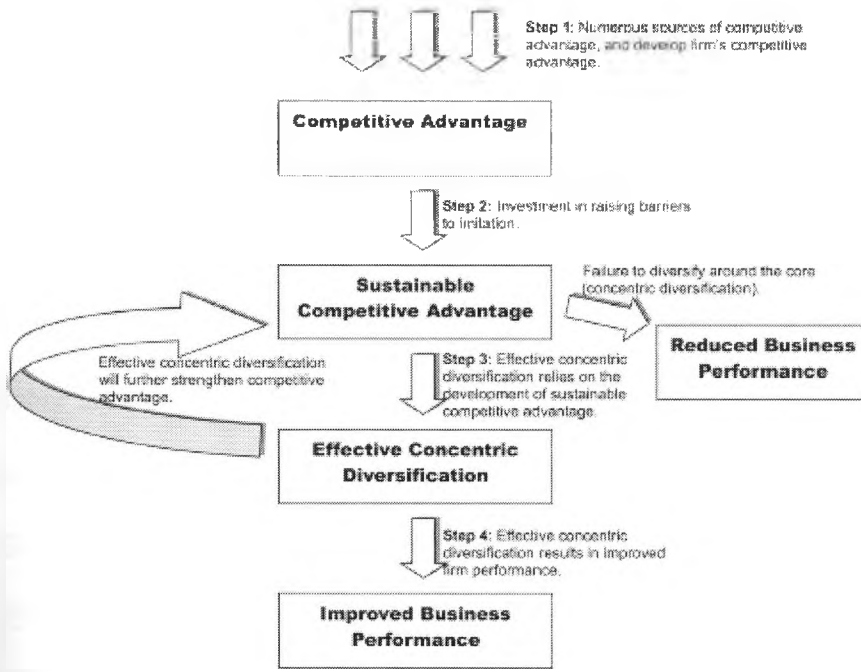
The second step requires the firm to first consolidate its competitive advantage in its traditional business and ensure that it gains the maximum benefit before venturing into adjacencies. It involves investment into raising the barriers to imitation. Step number three is to diversify by using the firm's sustainable competitive advantage. Several methods of sustaining the competitive advantage in the core business are reported in the literature (Porter, 1985, 1996; Pearce and Robinson, 2000; Christensen, 2001) – some of these include paying attention to underlying conditions and factors, physically unique resources, causal ambiguity, economic deterrence and strategic fit.

Once the firm is able to consolidate its competitive advantage, i.e. make it sustainable, it is able to use this as a basis for concentric growth without undermining its existing sustainable competitive advantage. The firm will then be able to leverage its competitive advantage into any logically adjacent markets it wishes to enter.

Step four should result in improved business performance. Effective concentric diversification will strengthen the organization's competitive advantage. Failure to diversify successfully will lead to reduced performance. Opportunities do exist for reducing the risk associated with diversification and paying attention to sustainability of competitive advantage and concentric diversification.

This relationship has been investigated and a model is proposed to help companies in achieving successful concentric diversification (Porter, 1985). This is shown in Figure 1 below.

Figure 1: Basis of Competitive Advantage



Source: Porter, M.E. (1985), "From competitive advantage to corporate strategy", Harvard Business Review, Vol. 65 No.3, pp.43-59.

Sustaining business growth is one of the key challenges to the business leader. Diversification is one of a few answers to this problem. Researchers, however, claim that most companies struggle to diversify profitably (Porter, 1996; Zook, 2001a). Zook (2001a) points out that 90 percent of companies' efforts to diversify outside of their core business have failed over the past decade. His research shows that diversification around the core business (concentric diversification) has a higher success rate than other approaches to diversification.

According to Porter (1996), companies erode their competitive advantage through poor diversification strategies. Thus, diversification often results in the decay of the very competitive advantage that made the business successful in the first place. It would seem reasonable to expect that, if a firm was able to maintain or manage its competitive advantage while diversifying, it would result in successful diversification. Recent studies have shown that diversification effects on performance remain inconclusive (Mukherji, 1998).

However, even if businesses are able to gain competitive advantage and achieve higher levels of profitability, rivals are usually quick to copy their strategies or even improve on their initiatives, and thus result in a loss of competitive advantage (Ghemawat, 1986; Reed and DeFillippi; 1990; Porter, 1996; Markides, 1997; Zook, 2001a; Zook and Allen, 2001). Ghemawat (1986) found that competitors secure detailed information on 70 percent of all new products within a year of their development.

Success for an organization will depend on the degree to which the corporate culture fosters and maximizes organizational capability and the success for this will obviously depend on the capability of both the management and the employees. A successful culture will need to be seen to foster employee development and encourage highly competent employees to exercise their talents to impact positively on the organization (Zwell, 2000). A successful culture will provide a work environment in which employees are engaged, challenged, motivated and rewarded

in a positive way for their performance and contribution to the organization's success.

This positive culture is of critical importance because organizations operate in all areas through people and it is their contribution, which determines success, because it is people working within organizations, not the organization itself, who provide the initiative, the productive input and the reflection on these activities. The value of human capital in the development and use of capabilities and ultimately in the development of competitive advantage cannot be overstated according to Hitt et al. (2001) and this is supported by Thurow (1999) who argues that skilled people operating in a supportive culture become the only sustainable competitive advantage.

Prahalad and Hamel (1990) argue that success is not based on well-thought strategies per se, but on strategic intent – commitment to create and pursue a vision of a desired future. The vision is then used to bind an organization together and give it a common purpose to which all can contribute. The sustainability of a generic strategy requires that a firm possess some barriers that make imitation of the strategy difficult. Thus a firm should offer a moving target to its competitors by investing in order to continually improve its position.

The Resource Based View identifies a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles in an organization. The view attributes advantage in an industry to a firm's control over

bundles of unique material, human, organizational, and locational resources and skills that enable unique value-creating strategies (Barney, 1991). According to Pearce and Robinson (2007) each firm develops competencies from these resources and when developed especially well, these become the source of the firm's competitive advantage.

A competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. A competitive strategy is a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there (Porter, 1980). Porter's view of competitive strategies as '...deliberately choosing a different set of activities to deliver a unique mix of values' emerges from, three distinct sources; first, variety-based positioning, producing a subset of an industry's products or services; secondly, needs-based positioning, serving most or all the needs of a particular group of customer; and lastly, access-based positioning, segmenting customers who are accessible in different ways. Whatever the basis – variety, needs, access or some combination of the three – positioning requires a tailored set of activities because it is always a function of differences on the supply side of differences in activities.

Barney (1995) presents some tests that could be directed at potential competitive advantages to see if they qualify as valuable and sustainable. Managers need to constantly evaluate capabilities to see if they continue to provide value to the organization in spite of changes that might be happening in the competitive environment and competitive advantages will be of much more value if they are

relatively rare and/or are unable to be relatively easily, or cost effectively, imitated. These two tests really relate to the degree of exclusivity of the advantage enjoyed by the organization and the protection to this exclusivity in the future. The final test relates to the ability of the organization to exploit these competitive advantages in strategic terms.

There are various types of capabilities described by Long and Vickers-Koch (1995). Threshold capabilities are those that are needed just to operate in an industry and are fairly common to most organizations operating in that industry but the capabilities that are of most interest to Long and Vickers-Koch (1995) are first, critical core competencies which are capable of providing competitive advantage in the current context of the competitive environment, and secondly, cutting edge core capabilities that can be developed into tomorrow's competitive advantage. Core competencies, the basic unit of competitive advantage, rarely consist of narrow skills or outputs of a single functional department. Rather the competitive advantage comes from bundles of skills or know-how built and nurtured by senior managers who have the necessary influence in the organization to enforce the necessary networking and cooperation to allow for their development. Organizations need to gain their competitive advantage by linking the processes in their organization which gives them strength in delivery of products or services, based on capabilities coming from the entire value chain (Thompson and Strickland, 2001; Long and Vickers-Koch, 1995).

A by-product of this concentration on the processes in the organization can help to break down the functional barriers and foster the development of cross functional teams and structures which provides the opportunities for knowledge and skills of individuals to be used (Pfeffer, 1994) and opportunities for employees to pool their ideas to come up with even better and more creative solutions to problems (Foley, 2000).

Zack (1999) stresses the importance of concentrating on the development of unique and valuable capabilities, rather than exclusively focusing attention on the production of goods or services. A concentration of goods and services can, at the best, only provide short-term advantages because, as Schumpeter (1934) argued, organizations engage in invention, innovation and imitation in a continual cycle which render current products and services obsolete. This concentration on capabilities and not on goods and services is also supported by Long and Vickers-Koch (1995) who argue that organizations who wish to improve their performance need to understand and then develop underlying skills and know-how and channel this into process improvements.

The usual keys to building up these skills and know-how will come from looking at areas like superior employee selection, training and retraining, culture, networking, motivation, empowerment, incentives, flexibility, short deadlines and good databases according to Quinn (1992) and the building up of these internal human capital related capabilities will result in competitive advantage which will be sustainable, because of the difficulty in copying competencies based on knowledge, skills and

attitudes, built into processes and developed over time into working combinations in a particular organizational context (Long and Vickers-Koch, 1995). The more unobservable these competitive advantages are the more sustainable they will be and this particularly applies to competitive advantages which are based on developing and exchanging information and knowledge through the firm's human capital (McEvily and Zaheer, 1999).

The development of competitive advantage is an interactive process. Despite the debate on how organizations acquire competitive advantage, one thing is pretty clear that organizations that seem to excel in their industries exist. Various studies done on gaining competitive advantage serve to confirm that there are organizations that are justifying their sustainable existence and as such having competitive advantage; they are performing better than their peers. While the aforementioned research outcomes are critical in many ways, it is curious that education sector has not been represented in the studies. It would therefore be interesting to identify the basis as well as how top performing secondary schools develop sustainable competitive advantage.

2.2 Development of Sustainable Competitive Advantage

According to Porter (1980), competitive advantage is brought about by analyzing critically the value chain – a general framework for thinking strategically about activities involved in any business and assessing their relative cost and role in differentiation. He argues that differences among competitor value chains are a key source of competitive advantage.

Barney (1991) proposes that sustained competitive advantage derives from the possession of resources that are valuable, rare, imperfectly imitable and imperfectly substitutable. This is echoed by Itami (1987) who saw that the most likely resources that bring true sustainable competitive advantage are “invisible assets”.

Prahalad and Hamel (1990) argue that core competence is the foundation on which competitive advantage is built in the market. Where core competence is defined by Collis (1991) as a shorthand summary of the firm’s asset investments, in aggregate, they are the fundamental determinants of its strategic position. Prahalad and Hamel’s (1990) introduction of core competencies and integrated capabilities focused attention of what an organization must do to provide significant value to the customer. They argued that it is necessary to look at what connects the business together, or the bundle of constituent skills and technologies, rather than at discrete skills if an organization wishes to obtain a competitive advantage based on them differentiating themselves from their rivals. This portfolio of capabilities is the fundamental building block for an organization’s core competence (Birchall and Tovstiga, 1999) and to be the base for developing an organization’s sustainable

competitive advantage this portfolio must be able to pass the following tests for sustainability. Collis and Montgomery (1995) discuss these tests as follows:

First, is the capability hard to copy? This ease of copying can be looked at from several points of view. The characteristics might be related to physical uniqueness, for example with a patent; related to path dependency and the need to be built up over time; related to an economic deterrent where for example a large capital investment is required or where the character of the capability is difficult to determine, which makes it difficult to copy.

Secondly, the test of durability, and how quickly it will be used up in applying that resource or capability in the exercise of gaining competitive advantage. It is significant to note in this context that a knowledge based capability exhibits unique characteristics. Tacit knowledge in fact expands as it is applied to gaining competitive advantage and tacit knowledge existing in culture or specific communities of practice is difficult to decontextualize and replicate (Grant and Gregory, 1997). *Substantial tacit knowledge is often embodied in capabilities such as start up and problem solving according to Reberich and Ferretti (1997) and as above are expanded rather than extinguished with use.*

Thirdly, test of appropriability and the ability of the organization to retain ownership of the capabilities. Value arising from capabilities is often subject to a degree of bargaining over ownership between suppliers, employees, distributors etc. and this will affect the value of these capabilities. Fourthly, to be of sustainable value, rivals

must not be able to easily substitute a different set of capabilities producing in fact the same results. And lastly, the test of competitive superiority must also be passed to make a claim for sustainable competitive advantage. The value of the capability must be compared with the worth of it as against rivals, rather than only asking if the organization considers it to be internally valuable.

Capabilities can be of three types according to Birchall and Tovstiga (1999) and all have a component of knowledge in them. Integrity related capabilities are built when the organization is able to do things more quickly, flexibly or reliably than rivals are able to do. These capabilities might relate to such things as management of cycle time or quality management and the superiority of these capabilities comes from the exercise of embedded knowledge. Market access capabilities refer to superior ability to interface between the organization and the marketplace and again rely on the knowledge base of people in such things as brand development, marketing and communication and functionally related capabilities, where knowledge is used to get skills and technologies rapidly integrated into the organization's services or produced in such a way that they will produce customer benefits. In all of the above, as previously argued, capabilities cannot be evaluated in isolation because the real value of capabilities is determined in a context of what the market demands and what the rivals are offering (Collis and Montgomery, 1995).

The ability of an organization to meet the critical success factors in a particular market segment may be underpinned by unique resources - those which critically underpin competitive advantage. They sustain the ability to provide value in the

products that are better than competitor's and are difficult to imitate (Johnson and Scholes, 2002). The supremacy for firms with sustained competitive advantage is acknowledged by customers and competitors. Having the goal for competitive advantage creates the will for sustained competitive leadership, and it is in this way that firms not only continuously improve, but make innovative breakthroughs that separate them from the pack and also-rans.

Various literatures on competitive advantage proved that development of competitive advantage for a firm follows the questions: What is the firm's current situation? What approach should the firm use given its current situation? How does the firm act on the approach that it has taken? What are the pitfalls that the firm should avoid in the implementation? How does the firm know whether it is getting the right results?

2.2.1 Strategic and Visionary Leadership

A given firm regularly makes investments to build competitive advantage whether by developing new products, augmenting its distribution channels, or enhancing its production capability to create and exploit opportunities for positive economic rents (Rumelt, 1991). What drives strategic investments are the resources available to the firm and the *productive uses its top managers envision for them* (Penrose, 1959).

Strategic leadership is the competence to manage in two time-frames simultaneously and it is also the capacity to simultaneously manage two structures (Tang and Bauer, 1995). Strategic leadership thus deals with the capacity to act on issues and

decisions of today, which will yield results in a short time; and it also deals with the capacity to act today on tough decisions which will yield results in a longer time horizon. Visionaries are able to formulate and articulate a vision that captures the imperatives of the enterprise, as well as the aspirations of the people. In this manner the visionary leader gives meaning and significance to the two time frames, the two structures, and their actions.

According to Hax and Majluf (1996), business managers are supposed to formulate and implement strategic actions congruent with the general corporate direction, constrained by the overall resources assigned to the particular business unit. Traditional approaches to competitive advantage emphasize how resources are used to gain positions better than those of competitors (Porter, 1980).

2.2.2 Continuous Environmental Scanning

Any firm that does not wish to be overtaken must be constantly alert for shifts in existing forces and for new, emerging environmental shifts. Environmental scanning is the means by which a firm can continuously analyze the intensity and direction of existing market and industry forces, the configuration of new market forces and the potential impacts on their ability to sustain competitive advantage (Tang, 1995).

Continuous environmental scanning is essential since the competitive environment is dynamic. Competitors often copy each others successes, so new and innovative competitive strategies are needed to achieve or maintain a leading position (Costin, 1999).

2.2.3 Modeling Trends and Dynamics

Firms that remain at the top consider the past and historical data, and also project into the future through analysis of the dynamics of forces and trends (Tang, 1995). Competitiveness can be driven by a combination of certain cultural factors, duly adapted to the contemporary world, both through their own dynamics and through their relevance to the environment and organizational practices. This combination, which I call ethics, determines action, decision and behavior.

In order to allocate resources among firms in an industry, constituents try to understand the products, prospects, and dynamics of the industry. They rely not only on information about firms' actions, but also on interpretative frameworks that explain what those actions mean (Weick, 1995)

2.2.4 Listening Posts

Definitions of success contribute to a firm's competitive advantage by affecting the firm's overall position in the interpretational domain that surrounds an industry. As constituents observe, interpret, and make sense of firms and their actions, they also exchange information, organize and even take collective action to influence firms (Hill and Jones, 1992).

Constituents compare their direct evaluations of firms against institutionally transmitted information emanating from other constituents and the media (Hill and Jones, 1992; Fombrun and Shanley, 1990), and use this information to categorize firms and judge their ability to deliver value.

By placing firms at different levels in reputational rankings, constituents not only create exemplars and role models for competing firms to follow, but also collectively define the success criteria that firms seek to include in their micro-cultures (Fombrun, 1996). Hall (1992) reports that the managers he surveyed considered company reputation and product reputation to be the two most important intangible assets contributing to their firms' success.

Companies must have well-deployed listening posts to gather fact-based information about the market and industry; they also must have management systems that continuously monitor, analyze and model this information. Companies must gather and analyze important sources of data from listening posts to create a competitive advantage through information (Tang, 1995).

2.2.5 Change and Organizational Transformation

This is a call to action for self-renewal through continuous transformation, systematic, and thoughtful change. Firms that have sustained competitive advantage must continuously reinvent themselves to maintain their position. According to Collis and Montgomery (1998), the essence of corporate advantage is core competencies, restructuring portfolio and building a learning organization. It has been accepted for a long time, that the most valuable capital investment that can be made is that in human beings. Building competitive advantage is a learning process. From a learning point of view, firms use these cues to anticipate inevitable shifts in the competitive terrain. A learning organization is one capable of continual

regeneration from the variety of knowledge, experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose or vision. It emphasizes the potential capability of organizations to regenerate themselves from within, and in this way form strategies to emerge from within.

The aim of management should be to encourage processes which unlock the knowledge of individuals, and encourage the sharing of information and knowledge so that each individual becomes sensitive to changes occurring around them and contributes to the identification of opportunities and required changes. Information flows and relationships between people are lateral as well as vertical.

High performance discussions often focus on self-managing teams, quality circles, flatter organizational structures, new flexible technologies, innovative compensation schemes, training and continuous improvement (Gephart, 1995).

2.2.6 Customer Centric Culture

Investments build competitive advantage when they create value for specific resource holders. Kim and Mauborgne (1997) found that high growth companies did not focus on competitors but on customer needs – an approach they termed 'the logic of value innovation.' They say that 'ironically, value innovators do not set out to build advantages over the competition, but they end up achieving the greatest advantages!' The purpose of business is to keep existing customers and to create new customers by consistently delivering more value than the competition. In order

to maintain an externalized perspective, companies must develop processes that integrate customers into all aspects of the business. To develop this cultural characteristic, an effective approach is to have customers actively participate in key business processes of the firm such as product development, product introduction, and product planning cycles, to name a few.

Companies with sustained leadership really do get close to the customer, while others merely talk about it. The customer dictates product, quantity, quality and service. The best organizations are alleged to go to extreme lengths to achieve quality, service and reliability (Peters and Waterman, 1982)

2.2.7 Unified Systematic Links

To achieve dominance requires the alignment and integration of an extended set of processes and resources within the enterprise and outside the boundaries of the enterprise. Functional strategies are concerned with how the component parts of the organization in terms of resources, processes, people and skills effectively deliver the corporate and business level strategic direction (Johnson and Scholes, 2002).

Competitive advantage develops as firms and constituents strategically target each other in the material and interpretational domains. It results both from actions initiated by firms and those taken by constituents in response. These actions are multidimensional in that they affect outcomes in all organizational domains; they are also interconnected in that they form multiple cycles of activities through which the domains are continuously constructed and reproduced. For these reasons,

competitive advantage is a systemic outcome, rather than an outcome of isolated activities (porter, 1985). Collis and Montgomery (1998) propose that an insight that turns the mentioned activities into an integrated whole is critical. They further propose that an outstanding corporate advantage is not a random collection of individual building blocks but a carefully constructed system of interdependent parts.

According to Gerphart (1995), organizations that exhibit high performance use all their resources – human, material, and technological – to achieve and sustain competitive advantage. She argues that systems approach is key. High performance emerges out of the links formed on how work is organized, how people are managed, how technology is used, and how all of these are linked to an organization's competitive strategy and culture.

2.2.8 Stakeholder Integration

Sustained leadership is impossible without tightly knit participation of stakeholders in the firm's key business processes and information systems. The most significant stakeholders are those that play an active role in the value-chain of the firm's products and services (Porter, 1985)

Competitive advantage is built on relationships. Relationships with stake holders are not just exchanges but sustained social interactions in which past impressions affect future behaviors. Furthermore, once formed favorable impressions become intangible assets, because they generate competitive benefits for a firm (Fombrun, 1996; Dierickx and Cool, 1989).

2.2.9 Organizational Energetic and Opportunity growth

Firms that have achieved sustained leadership have a discernible and palpable level of energy and enthusiasm. All ranks in the organization feel they are special, and because they feel that way, they are able to produce extraordinary results. Many authors put forward the development of human resources as a factor behind competitiveness (UNDP, 1999). Productivity is increased through training, improving knowledge, attitudes and skill of labour maintenance by equipment availability, equipment reliability and capability for a sustained rate of output.

Effective leaders sustain organizational energy by a tightly-focused sense of where the firm is going and why, by empowering the workforce, by constantly improving their skills, and celebrating the achievements people make. Sustained leadership is impossible without a high level of organizational energetic (Tang, 1995)

Competitive advantage is built through a social influence process. Research on organizational culture has amassed evidence on how firms shape the values and beliefs of organizational members (Hatch, 1993). Recent work in the area of organizational identity and reputation shows that organizational culture and identity are closely coupled with organizational image and reputation and that they foster both processes of identification internally and of differentiation externally. People and how we manage them are becoming more important because many other sources of competitive success are less powerful that they once were (Costin, 1999).

Sustained leadership means establishing and gaining market-share in new opportunities. It means that the firm is able to increase its customer base at a rate that exceeds the growth rate of all other key traditional and established businesses. It also means that it is able to create new business before, or faster than, any competitor. Prahalad and Hamel (1990) argue that core competence is the foundation on which competitive advantage is built in the market. Competitiveness is born in the gap between a company's resources and its managers' goals (Prahalad and Hamel, 1990). This is based on the notion that long-term competitive success depends on the manager's willingness to continually challenge their frames of references.

2.3 Summary

The performance goal of educational organization is educating students and this holds true for both private and public schools. It's usually the pride of most heads in both public and private schools when their institutions are ranked highly in national examinations. Tang (1995) argues that sustaining competitive advantage is about winning and staying a winner. It is about a style of management that seeks to achieve sustained leadership by out-thinking the competition with more effective strategies and by outperforming the competition with superior quality and customer satisfaction. Sustaining competitive advantage is an attitude which begins with a conviction that leadership is temporary, that the incumbent can be dislodged, that to stay a leader the firm must constantly create more customer value and must continuously surprise the competitors.

Sustaining competitive advantage is the recognition that becoming a leader is only half the battle, at best. The other half is remaining a leader by consistently raising and creating new standards and levels of excellence. Leadership companies must consistently exceed objectives in a way that it surprises competitors and makes it difficult for followers to duplicate. They must continue to innovate, to deliver more value than any competitor, and strive continuously to dominate the competitive arena in this manner. They rewrite the competitive rules. They stun the competition. They delight their customers. Simply stated, they make things happen.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was a census survey, to explore the sources and strategies used to sustain competitive advantage in top ranking secondary schools in Nairobi. This research design is usually used to study the general conditions of people and organizations. It investigates the behavior and opinions of people usually through questioning them. The researcher investigated the opinions of people through questioning them by use of a questionnaire. A general review, examination and description of findings was undertaken and results reported.

3.2 Population

The population of the study constituted 18 top ranking secondary schools (Ministry of Education, 2003 - 2007) offering 8-4-4 system of education in Nairobi. A top ranking school is one that has appeared consistently in the top 100 schools in Kenya for the five year period. The study covered a period of 5 years; 2003, 2004, 2005, 2006 and 2007. This is because to have sustainable competitive advantage, a school ought to remain at the top consistently over a period of time.

3.3 Sample Size

The research was a census survey. The sample size was therefore the 18 schools. The constituent schools in the ranking were selected based on the following criteria; first, the school must have been based in Nairobi due to constraints of time and

funding. Secondly, the school must have remained in the top 100 schools in Kenya for the last five years (2003, 2004, 2005, 2006 and 2007).

3.4 Data Collection

Primary data was collected through the use of questionnaires. The questionnaires were based on knowledge obtained through literature study, which provided the sources as well as attributes of sustained competitiveness. The questionnaires were administered on a 'drop and pick later' basis. The respondents were principals from the 18 schools in the survey. The questionnaires consisted of sections A, B and C. Section A captured general information about the school while section B addressed the first objective i.e. to determine the sources of sustainable competitive advantage in top ranking secondary schools in Nairobi. Section C addressed the second objective i.e. strategies used by top ranking secondary schools in Nairobi to sustain competitive advantage (practices of sustainable competitive advantage).

3.5 Data Analysis

Once the data was collected, the information was coded and analyzed using measures of central tendency. Percentages were computed for analysis of the data relating to the demographics of the top ranking secondary schools. Mean scores were computed as well to help determine the most popular strategies that are adopted by the top ranking secondary schools and the challenges most of them face while applying these strategies.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The objective of this study was first to determine the sources of competitive advantage in top ranking secondary schools in Nairobi and two, to determine the strategies used by the top ranking secondary schools in Nairobi. In this chapter, the primary data gathered was summarized and presented in the form of tables and bar graphs. A statistical analysis was done and presented in percentages and mean scores.

A total of 17 questionnaires were completed out of the 18 sent to the field, representing a response rate of 94%.

4.2 Profile of Respondent Schools

From the findings, majority of the schools (70%) had an average mean of 8.0 to 9.0 in the year 2003. This percentage decreased from year 2004 onwards, showing improved performance in subsequent years. The highest average mean that a school can attain is 12.0.

Table 4.2 Average KCSE mean grade (2003 – 2007) of respondent schools

Average mean X	2003	2004	2005	2006	2007
$7 < X \leq 8$	-	6%	18%	12%	12%
$8 < X \leq 9$	70%	41%	35%	29%	18%
$9 < X \leq 10$	18%	41%	29%	47%	41%
$10 < X \leq 12$	12%	12%	18%	12%	29%
TOTAL	100%	100%	100%	100%	100%

Source: Research data

Out of the 17 respondent schools, 35% are National Schools, 41% are Provincial Schools while 24% are Private Schools. Majority of these schools (59%) have their number of students between 40 and 50 per class and a good number of them (82%) are boarding schools.

It is worth while to note here that the number of government schools take the chunk (76%) of the top ranking secondary schools in Nairobi while only 24% are privately owned, either by individuals or by institutions. This is by default, since private schools are a recent phenomenon.

Many of the schools have their number of students being more than 30 but less than 50 per class, implying that good performance does not necessarily come from having small numbers in classes. Appleton (1995) stated that the size of the class had no effect on performance. Empirical results indicated that if there's control of other factors such as socio economic status of pupils, availability of textbooks in the school etc, class size did not have a significant effect on exam performance.

4.3 Sources of Sustainable Competitive Advantage in Top

Ranking Secondary Schools in Nairobi

The questions in the study sought to establish perceived sources of sustainable competitive advantage in top ranking secondary schools in Nairobi. The respondents were to rate extent to which the statements applied to their schools, ranging from Very great extent (5), great extent (4), moderate extent (3), little extent (2) and not at all (1). The mean scores were interpreted as follows:

Very great extent: 4.5 – 5

Great extent: 3.5 – 4.49

Moderate extent: 2.5 – 3.49

Little extent: 1.5 – 2.49

Not at all: 1.0 – 1.49

Table 4.3 Perceived sources of sustainable competitive advantage in respondent schools

Practice	V. Great Extent		Great Extent		Moderate Extent		Little Extent		Not at all		Mean x	Comment
	n.	%	n	%	n	%	n	%	n	%		
We cannot expand our school due to scarcity of land	0	0	0	0	4	24	5	29	8	47	1.76	Little extent
High turnover of teachers	0	0	0	0	1	6	6	35	10	59	1.47	Not at all
Cannot provide some services due to poor infrastructure - roads, electricity	0	0	0	0	2	12	5	29	10	59	1.53	Little extent
Our customers are complaining that they are not getting value for their money	0	0	0	0	0	0	6	35	11	65	1.35	Not at all
Unable to reach our target market because our location is not strategic	0	0	0	0	0	0	4	24	13	76	1.24	Not at all

Source: Research data

From a question that sought to find out whether expansion was obstructed by lack of land for expansion, majority of the schools agreed to a little extent (mean= 1.76). The land resource therefore serves as a source of the schools sustained success in that the schools can expand, build houses for their staff, have as many field activities as they deem necessary or even diversify in activities they find value adding to the students.

A question on whether there was a high turn over of teachers, the response was rated at mean = 1.47 (not at all). Perhaps it could be suggested that teachers in this schools are a source of sustained success since they have time to plan and implement strategies for their institutions.

Majority of the respondent schools felt that customers do not complain on the value they get from the institutions (mean 1.35). It could be suggested that the schools have a customer centric culture, which they all seem to be aware of. This culture could also be a source of sustained success for these schools.

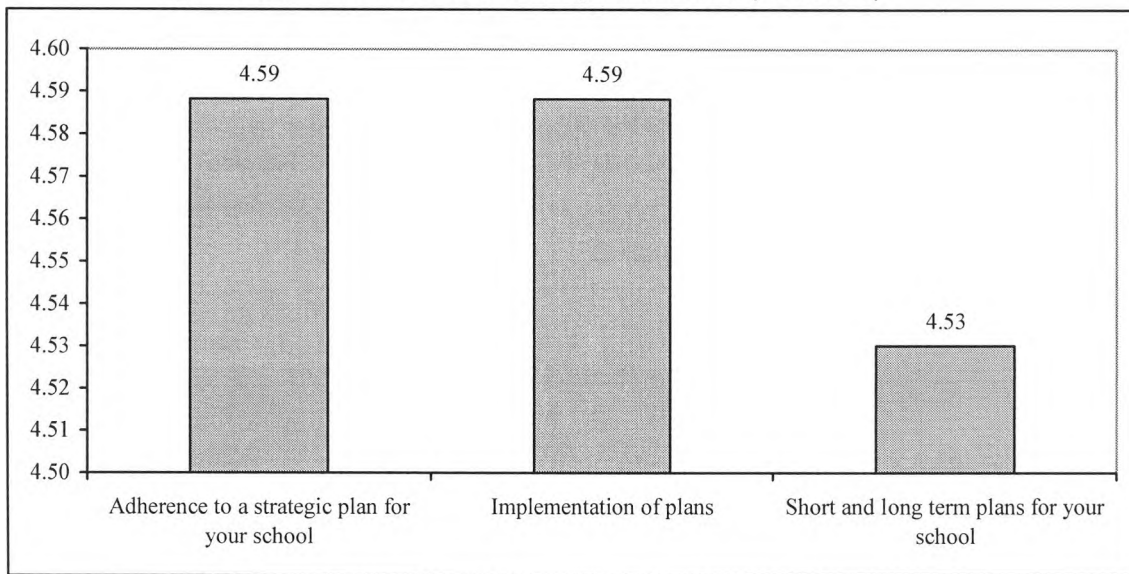
To a question on whether the location of the school would prevent them from reaching their target market, the schools rated their responses as not at all (mean 1.24). May be this is because majority of these schools are boarding and students need not commute daily. However, we could conclude that location is also a source of their competitive advantage since we have many schools in strategic locations which are boarding yet they do not perform well!

4.4 Perceived Strategies that sustain competitive advantage in respondent schools

4.4.1 Strategic and Visionary Leadership

Prahalad and Hamel (1990) argue that success is not based on well-thought strategies per se, but on the strategic intent – commitments to create and pursue a vision of a desired future. To the questions asked on the extent of usage of the said practice in the schools, the responses were as follows:

Figure 4.4.1 Extent of use of Strategic and visionary leadership



Source: research data

The research findings indicate that top ranking schools in Nairobi have strategic plans for their schools and that they adhere to these plans (mean = 4.59 – v. great extent). The schools are also keen to implement the plans (mean 4.59 - v. great extent) and suggest that short and long term plans for their schools have contributed to their sustained success.

Adherence to strategic planning, implementation of goals and plans and short and long terms plans for the school were rated highly implying that most top ranking secondary schools used them to a very great extent.

4.4.2 Listening Posts

Tang (1995) asserts that companies must have well deployed listening posts to gather fact based information about the market and industry; they also must have management systems that continuously monitor, analyze and model this information. The schools were asked the extent to which they used the following practices as listening posts.

Table 4.4.2 Extent of use of listening posts

Practice	V. Great Extent		Great Extent		Moderate Extent		Little Extent		Not at all		Mean	Comment
	n.	%	n	%	n	%	n	%	n	%		
Participate in education affairs	12	71	3	18	1	6	0	0	1	6	4.47	Great extent
Participate in science congress	11	65	3	18	2	12	0	0	1	6	4.35	Great extent
Financial management	10	59	6	35	1	6	0	0	0	0	4.24	Great extent
Get information from staff on satisfaction/challenges/opinions	12	71	4	24	1	6	0	0	0	0	4.41	Great extent
Keeping up with parents/pupils preferences	7	41	8	47	2	12	0	0	0	0	4.29	Great extent
Charge fees according to government guidelines	10	59	5	29	2	12	0	0	0	0	4.47	Great extent

Source: research data

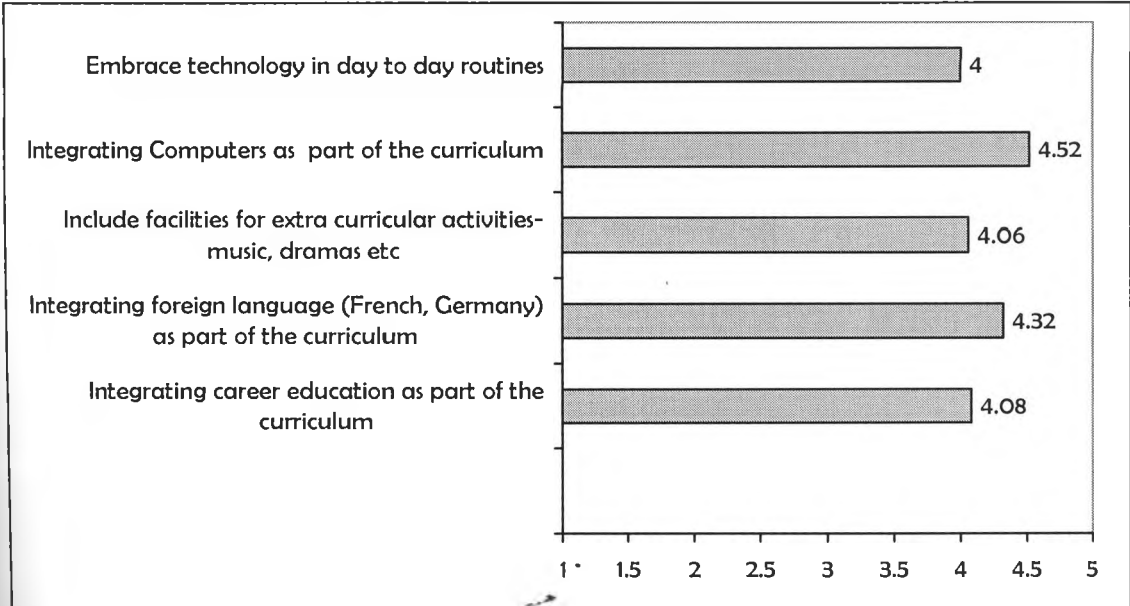
Participation in education affairs was rated highest (mean 4.47 – v. great extent). By participating in these affairs, schools are kept updated on what they need to do to stay ahead of the others. Participation in science congress was rated at a mean of 4.3(great extent). These help the schools analyze the competitors – their abilities, weaknesses and also how the respondents compared to their rivals. To a

question on getting information from staff on satisfaction, challenges and opinions, majority of the schools (71%) agreed to a v. great extent. This is in line with Tang (1995) who argued that personnel attitudes, opinions and concerns must be monitored continuously to keep a pulse on the support for company goals and acceptance of change.

4.4.3 Organizational transformation and growth

This is a call to action for self renewal through continuous transformation, systematic and thoughtful change. The dominant firm must 're-invent' itself to maintain its position. This includes an ability to rethink what business they are in, how they can serve customers more effectively, how to reengineer key business processes to be more competitive. The extent to which the top ranking schools employ strategies of transformation and growth averaged to a great extent.

Figure 4.4.3 Extent of use of strategies of organizational transformation and growth



Source: research data

The integration of computers as part of the curriculum is used to a v. great extent (mean 4.52). Other ways in which the schools transformed include availability of extracurricular activities (mean 4.06), integration of foreign languages (mean 4.32) and integration of career education as part of the curriculum (mean 4.08). Technology has also been embraced by these schools in their daily routines as the response was to a great extent (4.00)

4.4.4 Customer Centric Culture

The purpose of business is to keep existing customers and to create new customers by consistently delivering more value than the competition. In order to maintain an externalized perspective, companies must develop processes that integrate customers into all aspects of the business. Top ranking secondary schools use the following to get close to the customer.

Table 4.4.4 Extent of use of customer centric culture

Practice	V. Great Extent		Great Extent		Moderate Extent		Little Extent		Not at all		Mean	Comment
	n.	%	n	%	n	%	n	%	n	%		
Allow payment of fees in installments	10	59	6	35	1	1	0	0	0	0	4.47	Great extent
Have a good system for getting feedback from parents	8	47	6	35	3	18	0	0	0	0	4.29	Great extent
Serve all customers	10	59	4	24	1	6	0	0	0	0	4.18	Great extent
Integrate open days to discuss learning issues with parents	16	94	1	6	0	0	0	0	0	0	4.94	v. great extent
Involve students in decisions that affect them in the school	11	64	4	24	2	12	0	0	0	0	4.53	v. great extent
Involve the parents in the education of their children	17	100	0	0	0	0	0	0	0	0	5.00	v. great extent

Source: research data

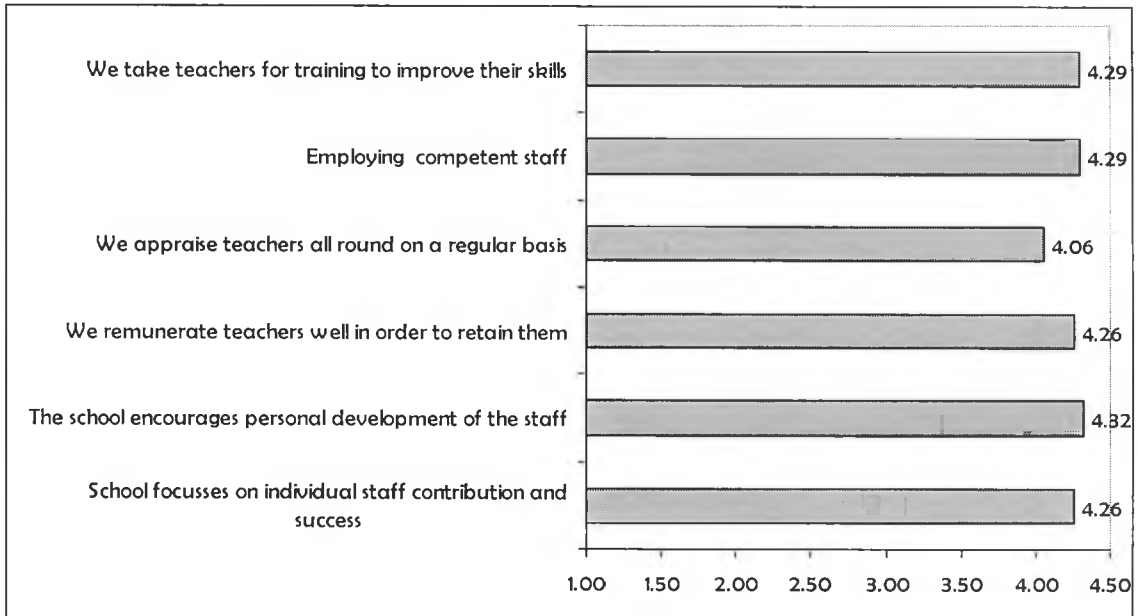
Ed (1997) says that people always were important and the most important asset. This indeed makes the business of education more complex, since one has to deal with employees, pupils and parents as the customers and at the same time as assets that may lead to the success of the school. The research findings that ways in which top ranking schools get close to the customer are: involving parents in the education of their children (100%), involving students in decision making (mean of 4.53), allowing fees to be paid in installments (mean 4.47). There are also good systems for getting feedback from parents (mean 4.29) and they serve all customers without discrimination (mean 4.18).

4.4.5 Organizational Energetic

Tang (1995) argues that firms that have achieved or are striving for sustained leadership have a discernible and palpable level of energy and enthusiasm. This level of excitement and commitment goes well beyond high morale. Effective leaders sustain organizational energy by a tightly focused sense of where the firm is going and why by empowering the workforce, by constantly improving their skills, and by celebrating the achievements people make.

Research findings indicate that the respondent schools encourage staff personal development (mean = 4.32), take their teachers for training (mean = 4.29) and also employ competent staff (mean = 4.20) to a great extent. By remunerating their teachers well (mean = 4.26), these schools are able to retain their teachers. *The contribution of the staff is recognized and their success acknowledged* (mean = 4.26).

Figure 4.4.5 Extent of use of practices of organizational energetic



Source: Research data

4.4.5 Unified System Links

Processes and resources must be 'boundary less' but must be meaningfully linked and integrated. Linking key processes so that in unison they create more customer value or provide sustainable competitive advantages forms the foundation of sustainability of leadership. This in a school setting is characterized mainly by communication.

Table 4.4.5 Extent of use of unified system links

Practice	V. Great Extent		Great Extent		Moderate Extent		Little Extent		Not at all		Mean	Comment
	n	%	n	%	n	%	n	%	n	%		
Communication among staff is usually structured/formal	1	6	3	18	13	76	0	0	0	0	3.29	Moderate extent
There are Regular staff/departmental meetings	8	47	8	47	1	6	0	0	0	0	4.41	great extent
Teachers / parents are involved in new technology decisions	2	12	2	12	13	76	0	0	0	0	3.18	Moderate extent
There is intense communication among the staff in the school	15	29	1	6	1	18	0	0	0	0	4.82	v. great extent

Source: Research data

Unified and systematically linked processes leaves the competitors to guess or imagine how it is done: it produces results that are more difficult to imitate. Majority of the schools hold staff and/or departmental meetings regularly (mean = 4.41), and agreed with the statement that there's intense communication among the staff to a v. great extent (mean = 4.82). Structured communication in these schools is only to a moderate extent (mean = 3.29). This is in line with Peters and Waterman's (1982) findings that organizations have to avoid rigid structures. According to them, if an organization is to work effectively, communication should be through the most effective channel regardless of the organization chart.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The two objectives of the study were first, to determine the sources of sustainable competitive advantage in top ranking schools in Nairobi. Secondly, to identify the strategies used to sustain competitive advantage.

A questionnaire based on the literature was used to collect data. A total of 17 out of 18 schools responded, a 94% representation of the population.

5.2 Summary

Literature on competitive advantage has listed many sources of sustaining competitive advantage in firms. Pearce and Robinson (2007) argue that each firm develops competencies from these resources and when developed especially well, these become the source of the firm's competitive advantage. From the research findings, majority of schools have plenty of land to expand, or to increase value adding activities to the students, with availability of funds. Teachers in these schools remain in their stations for a long time. This has in turn brought about stability of the schools as the teachers are able to plan, execute and evaluate their plans. The schools are also strategically located.

Various strategies of sustaining competitive advantage are used in the top ranking schools in Nairobi. These are summarized in the table below:

Table 5.2 Strategies used by top ranking secondary schools to sustain performance

	STRATEGY	MEAN	COMMENT
1.	Strategic and visionary leadership	4.59	v. great extent
2.	Existence of listening posts	4.37	Great extent
3.	Organizational transformation and growth	4.20	Great extent
4.	Existence of a customer centric culture	4.57	v. great extent
5.	Organizational energetic	4.25	Great extent
6.	Unified systematic links	3.93	Great extent

Source: research data

5.3 Conclusion

The sources that sustain competitive advantage among the top ranking secondary schools in Nairobi include: Land resource, human resource (teachers), customer centric culture and locational resource. This is in line with the Resource Based View which identifies a firm's strategic advantages based on examining its distinct combination assets, skill, capabilities and intangibles in an organization. The view attributes advantage in an industry to a firm's control over bundles of unique material, human organization, and locational resources and skills that enable unique value-creating strategies (Barney, 1991)

Top ranking secondary schools participating in education affairs, Involve students in decisions that affect them in the school, Integrate open days to discuss learning issues with parents and in this way involve the parents in the education of their children. These schools employ competent staff, take their teachers for training to improve their skills, get information from the staff on their satisfaction, challenges, and opinions and also focus on individuals' contribution and success.

These schools allow payment of fees in installments and have integrated computer technology both in the curriculum and in their daily routines. There is more of non formal communication than formal. This eases communication thereby tight linking all the activities done in the schools.

5.4 Suggestions for further research

A similar study that covers the whole republic needs to be conducted to provide a bigger population to enable one to perform further statistical analysis such as correlation analysis to determine the significance of the strategies of sustainable competitive advantage to performance.

A comparative study would also be useful. One should undertake to look at schools that perform poorly and compare these with those that excel to establish whether these strategies would be cited.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

The Principal,

.....

NAIROBI.

JULY, 2008

Dear Sir/Madam

**RE: RESEARCH ON THE SOURCES OF SUSTAINABLE COMPETITIVE
ADVANTAGE IN TOP RANKING SECONDARY SCHOOLS IN NAIROBI**

I am a student at the University of Nairobi doing my masters degree in Business Administration (MBA). I am undertaking the above research project as part of the academic requirements. I would be grateful if you could spare some time and fill the attached questionnaire, answering the questions as to the best of your knowledge.

The information you shall give will be treated with the utmost confidentiality, and will be used solely for this research. However, the findings of this research can be availed to you upon completion of the research.

In case of any queries, do not hesitate to call me on 0733 733 191.

Thank you for your co-operation

Yours sincerely,

Jane C. W. Njenga

MBA Student

APPENDIX II: QUESTIONNAIRE

SECTION A: ORGANIZATIONAL DATA

Name of school: _____

- Type of School (please tick):
1. National School
 2. Provincial School
 3. District School
 4. Private School

Average number of students per class: _____

Address: _____

What was your K.C.S.E. average mean grade in the following years?

2003	_____
2004	_____
2005	_____
2006	_____
2007	_____

Which category does the school fall?

Day _____

Boarding _____

SECTION B: SOURCES OF COMPETITIVE ADVANTAGE

To what extent are the following applicable in your school?

Use the 5 – point scale below to indicate the level of challenge

**5 Very great extent: 4 great extent: 3 Moderate extent: 2 A little extent:
1 Not at all**

No.	Practice	5	4	3	2	1
1.	Cannot provide some services because of high cost of supplies					
2.	High turnover of teachers since we pay only what we can afford					
3.	Our costs keep increasing due to rising inflation rates hence eroding our income					
4.	We are struggling to keep small sizes of class because its costly					
5.	Providing affordable services and meeting needs of unique parents is difficult					
6.	It is costly to keep up with the changing needs of our customers					
7.	Our customers are complaining that they are not getting value for their money					
8.	The extra services we offer to our students are easily imitated by competitors					
9.	Targeting all students is a challenge because they have diverse needs					
10.	It is expensive to service our students needs in our target market					
11.	Some of our competitors are incorporating the needs of our target market into theirs					
12.	Cannot provide some services due to poor infrastructure – roads, electricity etc					
13.	Unable to reach our desired target market since our location is not strategic					
14.	We cannot expand our school due to scarcity of land					
15.	We have limited access to funds that we can invest in the school					
16.	Stringent government regulations are a hindrance to our school					

SECTION C: STRATEGIES OF COMPETITIVE ADVANTAGE

1. How would you rate the state of competition in the education sector?

Very stiff Stiff Moderate Not stiff Not stiff at all
 5 4 3 2 1

2. Please indicate using (√) the extent to which the following action plans apply to you as a school. Please use the following scale:

5 Very great extent
 4 great extent
 3 moderate extent
 2 little extent
 1 Not used at all

No.	Practice	5	4	3	2	1
1.	Adherence to a strategic plan for your school					
2.	Implementation of goals and plans					
3.	Acquiring management skills for you and your staff					
4.	Financial management					
5.	Short and long term plans for your school					
6.	Employing competent staff					
7.	Employing anyone so long as they can teach					
8.	We take teachers for training to improve their skills					
9.	We appraise teachers all round on a regular basis					
10.	We remunerate teachers well in order to retain them					
11.	There is intense communication among the staff in the school					
12.	Offer other programmes like form 5 and form 6 besides KCSE curriculum					
13.	Get information from staff on their satisfaction/challenges/opinions					
14.	Integrating foreign language (French, German etc) as part of the curriculum					
15.	Integrating career education as part of the curriculum					
16.	Integrating computers as part of the programme					
17.	Embrace technology in day to day routines					
18.	Keeping our sizes of class the same as competitors					
19.	Integrate open days to discuss learning issues of students with parents					
20.	Involve students in decisions that affect them in school					

No.	Practice	5	4	3	2	1
21.	The school encourages personal development of the staff					
22.	Keeping lower overhead costs than competitor					
23.	School focuses on individual contribution and success					
24.	Charge fees according to government guidelines					
25.	Participate in education fairs					
26.	Participate in science congress					
27.	Participate in corporate social responsibilities					
28.	Keeping up with parents/pupils preferences					
29.	Communication among staff is usually formal/structured					
30.	There are regular staff/departmental meetings					
31.	Teachers / parents are involved in new technological decisions					
32.	The school draws students mainly from its neighborhood					
33.	Convenience and ease of accessibility of the school					
34.	Serve specific type of parents/students only					
35.	Serve all customers					
36.	Have a good system for getting feedback from parents					
37.	Employ teachers in accordance to the schools religious values					
38.	Allow payment of fees in installments					

THANK YOU

APPENDIX III: LIST OF SCHOOLS

(Ministry of Education)

- 1. Buruburu Girl's Secondary School**
- 2. Karengata Academy**
- 3. Kenya High School**
- 4. Kianda School**
- 5. Lenana School**
- 6. Light Academy – Girls**
- 7. Light Academy - Boys**
- 8. Moi Forces Academy**
- 9. Moi Girls' School - Nairobi**
- 10. Nairobi School**
- 11. Pangani Girls' School**
- 12. Precious Blood Girls' Secondary School – Riruta**
- 13. Starehe Boys Centre**
- 14. State House Girls' School**
- 15. St. Georges Girls' Secondary School**
- 16. Strathmore School**
- 17. Sunshine Secondary School**
- 18. Upper Hill School**