

COMPETITIVE STRATEGIES ADOPTED BY PRIVATE PRIMARY SCHOOLS IN NAIROBI UNDER THE 8-4-4 CURRICULUM

KILAVUKA JACQUELINE MBWAYA

A Management Research Project Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA), of the University of Nairobi, School of Business.

October 2007

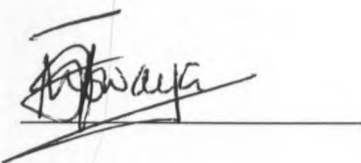
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DECLARATION

This research project is my original work and has not been presented for a degree in any other university other than the university of Nairobi.



Signed

Kilavuka Jacqueline Mbwaya

D61/P/7955/02

23/10/2007

Date

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



Signed

23/10/2007

Date

Dr. Martin Ogutu

Senior Lecturer

Department of Business Administration

School of Business

University of Nairobi.

DEDICATION

To my wonderful husband, Allan Kilavuka and my children Ingavi, Imani and Ianna who I truly treasure for making my world more meaningful.

ACKNOWLEDGEMENTS.

I would like to thank my heavenly Father for His sufficient grace during my studies. I will forever testify that anything good out of this course came only by your hand.

I would like to acknowledge Dr. Martin Ogutu, my supervisor for his encouragement and enthusiastic support. His wise comments and thoughtful feedback strengthened my ideas.

Special thanks to my beloved husband, Allan Kilavuka for his unwavering commitment and inspiration to me. And my parents too, for their constant encouragement, wisdom and strong belief in education.

Finally, I appreciate all the respondents who took time out of their busy schedules to fill in the questionnaires.

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ABSTRACT

As many organizations seek to fight competition in the local market place, many of them have had to adopt different competitive strategies in order to attract and retain customers. This study was done to establish the competitive strategies adopted by private primary schools and the challenges they face while implementing them. The category of private schools that were studied are under the 8-4-4 curriculum.

Data was collected in Nairobi from June to August 2007. A sample of 45 private primary schools were selected through systematic random sampling and 42 of them responded. The researcher used descriptive statistics to analyse the data and presented the findings using tables.

The researcher established that differentiation strategies are the most widely applied in the education industry. Cost leadership and focus were the least used. The main challenges that hindered application of strategy was are limited access to funds and stringent government regulations. It was recommended that the private primary schools should develop aspects of integrated marketing especially branding and positioning in order to differentiate their service offers.

CHAPTER ONE: INTRODUCTION

This chapter provides background to the study, statement of the problem, research objective and significance of the study.

1.1 Background

Firms are environment dependant and changes in the environment shape opportunities and challenges facing them. Understanding this is important in defining objectives and developing strategies that will ultimately result in competitive advantage (Pearce & Robinson, 1991).

Strategy is viewed as forming a link between a firm and its external environment. The firm embodies three sets of characteristics namely its goals and values; its resources and capabilities; and its organisational structure and systems. The external environment of the firm comprises the whole range of economic, social, political and technological factors that influence a firm's decisions and its performance. For most strategy decisions, the core of the firm's external environment is its industry, which is defined by the firm's relationships with customers, competitors, and suppliers (Grant, 1998).

In today's turbulent business environment, managing both internal resources and challenges poised by the external environment is essential for the survival of any organisation. To deal effectively with matters that affect growth and profitability, executives employ management processes that they believe will position a firm optimally in its competitive environment (Pearce & Robinson, 1991). Profound understanding of the competitive environment; setting goals that are simple, consistent and

long term; objective appraisal of resources and effective implementation are critical ingredients of a successful strategy (Grant, 1998).

Emerging economic trends such as globalization, rapid proliferation of economic technology, declining growth rates, increased competition, and need to lower costs of operation have forced many enterprises to adapt their activities to the changing environment in order to survive. To cope with these pressures, firms are positioning themselves in the market place so as to gain competitive advantage. Companies must therefore be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. They must outsource aggressively to gain efficiencies. And they must nurture a few core competencies in the race to stay ahead of rivals (Porter, 1996).

Grant (1998) states that the task of business strategy, therefore is to determine how the firm will deploy its resources within its environment so as to satisfy its long term goals, and how to organise itself to implement that strategy. Theuri (2003) states that strategy helps the firm to survive in the market, maximize its market share, differentiate their products and also for the purpose of market share growth.

The private education sector has experienced significant growth in the recent past; to the extent of 45% of the total number of primary schools in Nairobi belong to the private sector. This growth has been driven by quest for quality education and the limited number of entry spots to leading secondary schools. Good scores enhance the reputation of private schools ensuring a ready supply of pupils and growing prosperity for their owners (Daily Nation, December 2006).

As a result, many private schools have been established to match the high level of demand, which has led to very stiff competition among the players. For any private school to succeed in this competitive market, it has to be driven by leaders who can inspire their workforces with a vision of being the best in the market. As a matter of fact, Lengewa (2003) in his study found out that lack of a shared vision between management and the board of directors was a major hindrance to strategy development and implementation in micro-finance institutions.

Without core competences, drive and commitment from management and employees, sustained success in this environment is impossible. Quality education arising from size of classes, excellent extra curricular facilities, strategic location, level of fees charged, and inclusion of religion in the curriculum are all kinds of strategies that private primary schools are adopting in order to attract and retain pupils. Players in this sector realise that because of competition, their clients have a choice. Because of the many choices available to parents, investors have to create a competitive advantage whether it's a matter of quality or price in order for them to survive in this industry. For any private school to achieve success, it will have to organise itself to meet the needs of its target market more effectively than its competitors. Theuri (2003) and Mulaa (2004) in their different studies on competitive strategies concluded that in order for a firm to succeed, it needs to have a clearly defined target market that they can serve better than their competitors.

1.1.1 Competitive Strategies

Porter (1996) defines competitive strategy as “deliberately choosing a different set of activities to deliver a unique mix of value.” These activities are the basis of your competitive advantage.

Porter further indicates that in today's tidal wave of global economic, technological, and social change, that name of the game for you and your organisation is survival. You are not going to survive in the economy through technological innovation alone. “Growing numbers at all levels believe that, to have a better chance of success, organisations need to engage the energy, intelligence of the whole workforce and involve other stakeholders, like customers, suppliers, investors and community.” If you are going to withstand relentless and constant global competition, you need to be different and radically change the way of doing business. To achieve this, companies need to create a new management model, switch from management to leadership, manage change and create productive partnerships in which everyone can offer their unique knowledge and talents.

According to Porter (1980) strategy in business is concerned with superior performance. The essence of formulating competitive strategy is to relate a company to its environment. The key aspect of the firm's environment is the industry or industries in which it competes. The strategic choices available to the firm depend on the company's capabilities and its position in the marketplace. At the broadest level formulating competitive strategy involves the consideration of four key factors that determine the limits of what a company can successfully accomplish. The internal limits are the company's overall strengths and weaknesses and the personal

values of its leaders. The company's strengths and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological posture, brand identification, and so on. The personal values of an organization are the motivations and needs of the key executives and other personnel who must implement the chosen strategy. The external factors limiting the range of a company's strategic decisions are the competitive environment and societal expectations under which it operates. Industry opportunities and threats define the competitive environment, with its attendant risks and potential rewards. Societal expectations reflect the impact on the company of such things as government policy, social concerns, and many others.

For a resource or capability to establish a competitive advantage, it must be scarce and relevant. Meaning they must assist the firm in creating value for its customers, or in surviving competition. The profits earned from resources and capabilities depend also on how long that advantage can be sustained. This depends on the durability of the resources and capabilities upon which the competitive advantage is based. It also depends on the rivals ability to imitate the strategy of the company through acquiring the resources and capabilities needed to build the competitive advantage (Grant, 1998).

Porter (1985) identifies three basic sources of competitive advantage. These, which he refers to as generic strategies are cost leadership, differentiation and focus; and they grow fundamentally out of the value a firm is able to create for its buyers. Hamel and Prahalad (1994) argue that fewer competitive advantages are long lasting. Uncovering a new competitive advantage is a bit like getting a hot tip on a stock; the first person to act on the insight makes more money than the last. Keeping

score of existing advantages is not the same as building new advantages. The essence of strategy lies in creating tomorrow's competitive advantage faster than competitors mimic the ones you possess today. The firm should also ensure that its competitive advantage is not rendered obsolete by changes in the industry environment.

Application of the chosen competitive strategies has its challenges too that a firm has to deal with. Theuri (2003) in his study found out some of these challenges encountered by owners in the fast foods industry. These include heavy financial requirements, constantly changing consumer tastes and preferences, enhancement of abilities and skills of the owner and heavy marketing costs.

In conclusion, Porter (1996) states that today's dynamic markets and technologies have called into the question the sustainability of competitive advantage. Under pressure to improve productivity, quality, and speed, managers have embraced tools such as total quality management, benchmarking, and reengineering. Dramatic operational improvements have resulted, but rarely have these gains translated into sustainable profitability. And gradually, the tools have taken the place of strategy. As managers push to improve on all fronts, they move further away from viable competitive positions. Operational effectiveness, although necessary to superior performance, is not sufficient, because its techniques are easy to imitate. In contrast, the essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match.

1.1.2 Private Primary Schools in Kenya

Education is one of the key indicators of human development. Daily Nation (December 2006) states that at the end of primary education, learners are expected to have acquired skills and knowledge to help them move easily to the next level. The learners are also expected to have developed physically to maintain healthy body and be equipped with skills to enable them to mingle with peers and others in society. Self confidence and a positive image help them make proper judgments when they face social challenges.

Okelo (2002) in her article states that the Kenyan education system consists of eight years of primary education, four years of secondary education and four years of university. Education in Kenya was generally provided free of charge by the government until 1980. However, challenges like declining economic growth rate and reduced foreign aid led to a gradual decrease in per pupil funding, which led to a decline in the quality of public education. The 8-4-4 system of education was introduced in 1985. This new system radically altered the structure of primary and secondary education since many new courses were added to the curriculum and placed increased demands on schools already limited resources. This decline in quality of public education in Kenya and limited spots at the secondary school entry level created demand for private primary schools.

Free primary education was initiated by the NARC government in 2003 with a need to achieve universal free primary education. This led to an influx of pupils into the City Council of Nairobi primary schools increasing enrolment by 35% in year 2003 from year 2002. This increased enrolment

posed the following great challenges to public primary schools; overcrowded classes; increased teacher to pupil ratio - leading to an increased teacher workload; inadequate secondary school places to match the increased enrolment; and inadequate physical facilities such as furniture, classrooms and sanitariums (Nairobi City Council-Information booklet, 2005). This strain on public primary schools resources led to further drop in quality of education in public schools. This drop in quality of education led to a need for private alternatives to fill this quality gap.

Ranking of the best performing schools was stopped in year 2000 following a public outcry that it encouraged unethical practices like forced repetition, drilling or registration of candidates in satellite schools or in other regions. Up to one third of the 2,324 private schools that offered candidates for national examinations took part in doubtful practices. And because of that, some of them were able to achieve a mean score of more than 420 marks, while the best public school managed a mean score of only 386.92. Despite a government crackdown on unethical practices, a number of top performing private schools worked the system by continuing to operate dummy schools, which are used as examination centres for their weaker candidates. Alternatively, owners of some private schools used one certificate to cover two or three schools. This practice is widespread throughout Kenya since the Daily Nation team managed to identify some cases of private schools not only in Nairobi but also in Kericho, Western, Nakuru, Coast, Machakos and Kerugoya (Daily Nation, December 2006). Businesses should note that ethical standards are not set by business but by society as a whole. This interface with society's expectations and the way business gets done is shaping the public debate within which the nature of business ethics is being defined (<http://www.values.com.au/business-of-ethics.html>).

The organisation's accountability to this much wider range of stakeholders often arises because it is dependent on the goodwill of these stakeholders to continue to buy its products, to become its employees, to provide its working capital through investment in shares and to provide it with its legal licence to operate. This interdependence is not always made explicit but it is increasingly being acknowledged and publicly debated as part of the wider discussion on the future role of business and modern day ethical accountabilities.

The true cost of unethical business is immeasurable. A personal or organisational reputation once lost is hard to regain but there are other significant costs that arise because of the complexity of relationships that are created as a consequence of building a business:

- Societal costs because of the need to impose stronger economic and legal sanctions on future generations of businesses by regulators concerned to avoid repeat transgressions;
- A destabilisation of societal life because of loss of customer confidence in the ability of business to be fair and honest and low employee morale because employees feel tainted by the unethical practices of peers and experience a loss of face in their workplace since identity is stolen from them (<http://www.values.com.au/business-of-ethics.html>).

Conditions for registration of a school are quite stringent. The ministry of education requires the school to have adequate acreage for setting up the school and proof of ownership of the land. Land has become a scarce resource in the Nairobi. Facilities that are set up like ablutions and classrooms have to be inspected by education ministry officials to ensure they meet the expected standards. A registration fee is also paid before the school starts operating and thereafter one is required to pay an

annual fee since they are profit oriented. They do not get any funding from the ministry of education and are also not entitled to services offered by the Nairobi City Council education department (School Management Guide, 1999).

1.2 Research Problem

In Kenya, the education industry is one of the sectors that have experienced phenomenal growth in the recent past. Nairobi province has the highest registration of private primary schools. The need for private schools has been driven by the quest for quality education and the fact that entry spots to the leading secondary schools have become very competitive. This has led to many players in this industry trying to meet the high demand for quality education. Competition is therefore very stiff since the clients have many choices. Only competitive advantage is what will enable the private schools to attract, retain, and strengthen their market position.

Daily Nation (December 2006) states that ranking of the best performing schools was stopped in year 2000 following a public outcry that it encouraged unethical practices. Up to one third of the 2,324 private schools that offered candidates for national examinations took part in doubtful practices.

This survey helped us learn how an increasing number of private schools developed competitive advantage within their market, with particular regard to the relative positioning and strategies of competitors.

Recent studies carried out on competitive strategies have focused on other sectors like the petroleum industry (Murage, 2001), micro-enterprises (Okanda, 2004), branded fast food chains (Theuri, 2003) etc. This constituted a knowledge gap in the education industry that the study addressed. The study therefore sought to determine the competitive strategies adopted by private primary schools and establish the kind of challenges they faced while pursuing their chosen strategies.

1.3 Research Objectives

The objectives of this research were:

- i. To determine the competitive strategies adopted by private primary schools in Nairobi under the 8-4-4 curriculum.
- ii. To establish the challenges of the competitive strategies adopted.

1.4 Importance of the Study

- i. It may provide managers and board of directors with information on the general state of competition in the education industry and type of strategies employed by various private schools.
- ii. It may provide information to potential investors on the challenges faced by current investors and therefore help them know what kind of strategy to adopt in order to develop a strong market position.
- iii. It may increase body of knowledge and stimulate need for further research in the education industry.

CHAPTER TWO: LITERATURE REVIEW

This chapter covers the literature review on the challenges of competition, competitive strategies and some of the risks firms may face while pursuing certain strategies.

2.1 Challenges of Competition

Inherent within the notion of strategy is the issue of competitiveness. In business this is about gaining advantage over competitors. Competition denotes the existence of firms that sell similar products and services aimed at the same customer group. A firm's competitors change over time in terms of their characteristics, strategies and strategic focus due to environmental factors that affect the structure of the industry (Johnson & Scholes, 2002). Once you have competitors, your customers have a choice. And once your customers have a choice, you have to answer the question, "Why should they buy from you?" The answer to this question is your competitive advantage, whether it's a matter of quality, price or some other consideration (Glover, 2003). Theuri (2003) indicates that all the firms in the fast food industry strongly agree that they are faced with very stiff competition which is a major challenge. However, they have had to develop strategies like home deliveries, competitive pricing, market segmentation and strategic location to effectively cope with competition.

Mintzberg, H., Quinn, J.B., and Ghoshal S. (1998) state that the essence of strategy formulation is coping with competition. Moreover, in the fight for market share, competition is not manifested only in the other players. Rather, competition in an industry is rooted in its underlying economics,

and existing competitive forces that go well beyond the established combatants in a particular industry.

One of the big cornerstones of industry and competitive analysis involves carefully studying the industry's competitive process to discover the main sources of competitive pressure and how strong they are. This helps managers understand industry's special competitive character (Thompson and Strickland, 1990).

According to Grant (1998) competitor analysis has three purposes; to forecast competitors future strategies and decisions; to predict competitors likely reactions to a firm's strategic initiatives and to determine how competitors behaviour can be influenced to make it more favourable. The key requirement is to understand competitors in order to predict their choices of strategy and tactics and their reactions to environmental changes and our own competitive moves.

Thompson and Strickland (1990) in their book indicate that successful strategists take great pains in scouting competitors by understanding their strategies, watching their actions, sizing up their strengths and weaknesses and trying to anticipate what moves they will make next.

According to Porter (1985) competition is at the core of the success or failure of firms. It determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation.

The state of competition in an industry depends on five basic forces, namely, customers, suppliers, potential entrants, substitute products and

rivalry. The collective strength of these forces determines the ultimate profit potential of an industry. Knowledge of this provides the groundwork for a strategic agenda of action. They highlight the critical strengths and weaknesses of the company, animate the positioning of the company in an industry, clarify the areas where strategic changes may yield the greatest pay off and highlight the places where industry trends promise to hold the greatest significance as either opportunities or threats. Understanding these sources also proves to be of help in considering areas for diversification (Mintzberg et al, 1998). Johnson and Scholes (2002) goes ahead to state that these five forces framework helps identify the sources of competition in an industry and is therefore a useful starting point in understanding competitive forces.

In today's turbulent business environment, managing both internal resources and challenges posed by the external environment is essential for the survival of any organisation. To deal effectively with matters that affect growth and profitability, executives employ management processes that they believe will position a firm optimally in its competitive environment. Strategic management plays a key role in facilitating the deployment of firm's resources in an efficient manner to facilitate the optimization of long term performance of a firm (Pearce & Robinson, 1991).

With changes in the business environment firms are finding it increasingly difficult to find industry environments which are good enough to allow a rate of return above competitive level. Competitive strategies provide a framework for firms to respond to various changes within its respective environment. Firms also develop competitive initiatives in order to maintain a competitive edge in the market (Grant, 1998).

Porter (1980) states that a central aspect of strategy formulation is perceptive competitor analysis. The objective of a competitor analysis is to develop a profile of the nature and success of the likely strategy changes each competitor might take, each competitor's probable response to the range of feasible strategic moves other firms could initiate, and each competitor's probable reaction to the array of industry changes and broader environmental shifts that might occur. Understanding competitors future goals, current strategy, assumptions and capabilities will allow an informed prediction to their response profile.

Thompson and Strickland (1990) state that in coping with competitive forces, successful strategists craft competitive approaches that will - insulate the firm as much as possible from the five competitive forces; influence the industry's competitive rules in the company's favour; and provide a strong, secure position of advantage from which to 'play the game' of competition as it unfolds in the industry. Murage (2001) found out that more firms in the oil industry adjusted their product strategies so as to improve their quality in order to cope in a constantly changing environment. Okanda (2004) concluded that all firms regardless of their size regard strategies very important for survival, growth and profitability. This is because all firms operate in challenging environments.

Competitive advantage can be traced to one of the three roots namely; superior skills, superior resources or superior position. In examining a potential advantage, the critical question is "what sustains this advantage, keeping competitors from imitating or replicating it?" (Mintzberg et al, 1998). Prahalad and Hamel (1990) states that not all firm resources hold the potential of sustainable competitive advantage;

instead, they must possess four attributes: rareness, value, inability to be imitated, and inability to be substituted.

Competitive advantage will eventually be eroded because the five forces and or competitors will manage to overcome adverse forces. This process of erosion will be speeded up by changes in the macro-environment such as new technologies, globalization or deregulation. Competition is therefore about disrupting the status quo so that no one is able to sustain long term advantage on any given basis. So long term competitive advantage is gained through a sequence of short-lived moves (Johnson & Scholes, 2002). Prahalad and Hamel (1990) suggest that firms combine their resources and skills into core competencies, loosely defined as that which a firm does distinctively well in relation to competitors. Therefore, firms may succeed in establishing sustainable competitive advantage by combining skills and resources in unique and enduring ways. By combining resources in this manner, firms can focus on collectively learning how to coordinate all employees' efforts in order to facilitate growth of specific core competencies.

2.2 Competitive Strategies

Competitive strategy is defined as the bases on which a business unit might achieve competitive advantage in its market. Firms achieve this competitive advantage by providing their customers with what they want, or need, better or more effectively than competitors; and in ways in which their competitors find difficult to imitate (Johnson and Scholes, 2002). Grant (1998) defines competitive strategy as a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. Porter (1980) refers to competitive strategy as to how a company competes in a given industry or market. It is concerned with

how a company can gain a competitive advantage through a distinctive way of competing. It is about developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to achieve those goals. Activities aimed at gaining competitive advantage include actions to attract, retain, withstand competitive pressures and strengthen market position.

Mintzberg et al. (1998) states that competitive strategy is the art of creating or exploiting those advantages that are most telling, enduring and most difficult to duplicate. The problem competitive strategies addresses is not so much 'How can this function be performed' but how can we perform it either better than, or at least instead of our rivals?'

According to Johnson & Scholes (2002) many forces at work in the business environment, the internal capabilities of organisations and the expectations and influences of stakeholders are all potentially important in formulating competitive strategies. It is therefore important for a firm to understand whether it's competitive environment is stable and mature or fast changing and uncertain. A firm also needs to know what is valued by customers or users and is not offered by competition hence customers are willing to pay a price above that of competitors. The firm needs to have competences which allow it to deliver the desired competitive strategy and if these competences are sustainable or not. Finally, a firm needs to be ware of any constraints placed upon the choice of competitive strategy they desire to pursue. According to Grant (1998) the process starts with recognition of where you are now and what you have now. Your most dangerous competitors are those that are most like you. The difference between you and your competitors are the basis of your advantage.

Porter (1985) argues that competitive strategy is about taking offensive or defensive actions to create a defensible position in an industry to cope successfully with five competitive forces and thereby yield superior return on investment for the firm. Faced with the five competitive forces - threat of new entrants; threat of substitute products; rivalry among existing firms; bargaining power of suppliers and buyers - firms have three potentially successful generic strategies they can use to outperform other firms in the industry. These generic strategies are cost leadership, differentiation and focus. Each of the generic strategies involves a fundamentally different route to competitive advantage, combining a choice about the type of competitive advantage sought with the scope of the strategic target in which competitive advantage is to be achieved. The cost leadership and differentiation strategies seek competitive advantage in a broad range of industry segments, while focus strategies aim at cost advantage or differentiation in a narrow segment. The ultimate aim of competitive strategy is to cope with and, ideally to change those rules in the firm's favour.

The specific actions required to implement each generic strategy vary widely from industry to industry, as do the feasible generic strategies in a particular industry. Each of the three generic strategies identified by Porter requires a company to accumulate a different set of skills and resources. For example, a company pursuing a low-cost strategy would likely have a much different organizational structure, incentive system, and corporate culture than one pursuing a differentiation strategy. The key to successful implementation of one of the three generic strategies is to commit to it fully, rather than take half-measures that do not distinguish the company in any way. Being all things to all people is a recipe for strategic

mediocrity and below average performance, because it often means that a firm has no competitive advantage at all (Porter, 1998).

2.2.1 Overall Cost Leadership

Murage (2001) in her study on the strategic responses by oil companies found out that the companies identified cost leadership as a critical factor to their continual competitiveness. According to Porter (1985) a firm achieves overall cost leadership in an industry through a set of functional policies. It 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 sales force, advertising, R&D etc. Grant (1998) states that a firm is said to have cost advantage if it supplies an identical product at a lower cost with a goal of becoming the overall cost leader in its industry segment.

Overall cost leadership, can enable a company to earn above average profits despite the presence of strong competitive pressures. In a company pursuing a low-cost strategy, every activity of the organization must be examined with respect to cost. For example, favorable access to raw materials must be arranged, products must be designed for ease of manufacturing, manufacturing facilities and equipment must continually be upgraded, and production must take advantage of economies of scale. A low cost position defends the firm against powerful buyers because buyers can exert power only to drive down prices to the level of the next most efficient competitor. It also provides a defense against powerful suppliers by providing more flexibility to cope with input cost increases. It also provides entry barriers in terms of scale of economies.

Implemented successfully in a price-sensitive market, however, a low-cost strategy can lead to strong market share and profit margins (Porter, 1980).

2.2.2 Differentiation

Grant (1998) states that a firm supplies a product that is differentiated in such a way that the customer is willing to pay a price premium that exceeds the additional cost of the differentiation. It is achieved by a firm when it provides something unique that is valuable to buyers beyond simply offering a low price. Porter (1980) states that companies that pursue a strategy of differentiation try to create a product or service that is considered unique within their industry. Okode (2004) found out that banks in Kenya generally applied the differentiation strategy as a means of creating competitive advantage. Their unique offer is specialized services to a target market who they charge a premium. They also use other factors like customer service and technology to differentiate their service offer. Karanja (2002) also found out that real estate firms popularly applied differentiation strategies to gain competitive advantage.

According to Grant (1998) differentiation could be physical differentiation of the product, or it may be through complementary services, or it may be intangible. It exceeds beyond technology, design, and marketing to include all aspects of a firm's interactions with its customers.

The idea behind this strategy is to attract customers with a unique offering that meets their needs better than the competition, and for which they will be willing to pay a premium price with the goal of creating brand loyalty among customers and thus provide solid profit margins for the company. Although the company may not be able to achieve a high

market share using a differentiation strategy because successful differentiation requires a perception of exclusivity, and because not all customers will be willing or able to pay the higher prices the increased profit margins should compensate.

Differentiation if achieved is a viable strategy for earning above average returns in an industry because it creates a defensible position for coping with the five competitive forces albeit in a different way than cost leadership since it provides insulation against competitive rivalry because of brand loyalty by customers and resulting to lower sensitivity to price. It also increases margins which avoids the need for a low cost position. It also yields higher margins with which to deal with supplier and clearly mitigates buyer power since buyers lack comparable alternatives.

The above two sources of competitive advantage define two fundamentally different approaches to business strategy in terms of market positioning, resources and capabilities, and organisational characteristics (Grant, 1998).

2.2.3 Focus

Companies undertaking a focus strategy direct their full attention toward serving a particular market, whether it is a specific customer group, product segment, or geographic region. The entire focus strategy is built around serving a particular target very well, and each functional policy is developed with this in mind. It 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 either on the basis of product differentiation or low cost. Since focusing on a small segment of

the overall market limits the market share a company can command, it must be able to make up for the lost sales volume with increased profitability (Porter, 1996). The focus strategy rests on the differences between the target markets and other segments in the industry. The target market must either have buyers with unusual needs or production and delivery systems that best serves that target segment (Okode , 2004).

Other choices of strategies that firms could adopt in order to develop competitive advantage as detailed by Johnson & Scholes (2002), include;

- A no frills strategy combining low price and low perceived added value.
- A low price strategy providing lower price than competitors at similar added value of product or service to competitors.
- A differentiation strategy, which seeks to provide products or services which are unique or different from competitors.
- A hybrid strategy, which seeks simultaneously to achieve differentiation and prices lower than competitors.
- A focused differentiation strategy, which seeks to provide high perceived value justifying a substantial price premium.

Competitive strategy is increasingly effective the more it provides good defenses against the five competitive forces, influences the industry's competitive rules in the company's favour and helps create sustainable competitive advantage (Thompson and Strickland, 1990).

Like competition itself, competitive advantage is a constantly moving target. For any company in any industry, the key is not to get stuck with a single simple notion of its source of advantage. The best competitors, the most successful ones, know how to keep moving and always stay on the

cutting edge (Stalk, 1988). Speed, flexibility, innovation and the willingness to change successful strategies are important bases of competitive success (Johnson & Scholes, 2002).

2.3 Challenges of Application of Competitive Strategies

Lengewa (2003) stated that the Kenya Microfinance industry was faced by challenges when applying competitive strategies. Some of these challenges include problems of capitalization and accessing financing in light of reduced donor funding. Ownership structures of most of these institutions are not clear hence it's difficult for banks to lend to them. Human resources weaknesses and limited management capability have led to high staff turnover resulting from unattractive staff incentives.

Fundamentally, the risks in pursuing the generic strategies are two; first, failing to attain or sustain the strategy; second, for the value of the strategic advantage provided by the strategy to erode with industry evolution (Porter 1985). Karanja (2002) in his research on real estate firms noted that there were a number of firms that were stuck in the middle and as a result were guaranteed low profitability.

A low-cost strategy can be difficult to implement. Technological changes may make the company's investments in facilities and equipment obsolete. There is also the possibility that other competitors will learn to match the cost advantages offered by the company, particularly if inflation helps narrow the gap. Finally, low-cost producers risk focusing on cost to such an extent that they are unable to anticipate necessary product or marketing changes (Porter 1985).

Grant (1998) adds that the growth of international competition has revealed the fragility of seemingly well established positions of domestic cost leadership. Movements in exchange rates can cause rapid shifts in cost competitiveness in internal industries. Where competitive advantage is built on technical capabilities, the embodiment of new technology in new equipment and the increased inter-company mobility of personnel speeds the transfer and experience between firms. According to Johnson & Scholes (2002) the key challenge to pursuing a low cost strategy is how costs can be reduced in ways in which others cannot match such that a low price strategy might give sustainable advantage. This is however difficult to achieve.

In the case of differentiation strategy, competitors may be able to imitate the unique features, customers may lose interest in the unique features due to changes in their tastes and preferences or low-cost competitors may be able to undercut prices in a way that erodes brand loyalty. Lengewa (2003) identified imitation of services by competitors as a major challenge when pursuing the differentiation strategy in the micro-finance industry.

The focus strategy, too, entails risks. There is always a possibility that competitors will be able to exploit submarkets within the strategic target market, that the differences between the target market and the overall market will narrow, or that the high costs associated with serving the target market will eliminate any advantage gained through differentiation.

In implementing strategy, firms face challenges e.g. inadequate financial resources, costly sources of funds, skills and ability of staff, marketing abilities, change in customer needs, government requirements and the

complexity of coordinating all firms activities in pursuit of the agreed strategy (Porter, 1998; Grant, 1998). Gichira (1991) in his study established problems that face the informal sector, which on closer analysis would appear as factors that actually limit strategic options of the players in that industry. These factors include legal issues, financial constraints, managerial deficiencies and social cultural issues.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter discusses the research methodology used in the study. It indicates the most appropriate research design, population, sampling, data collection and data analysis.

3.1 The Research Design

The research design was a descriptive study, which sought to provide broad and generalized information on private primary schools in Nairobi. Sekaran (2003) states that descriptive studies are undertaken to understand the characteristics of organisations that follow certain common practices.

3.2 Target Population and Sampling Design

The population of study consisted of all private primary schools in Nairobi. These schools were privately owned either by sole proprietors, partnerships, churches or communities. A list obtained from the 2005/6 directory of Kenya Private Schools Association indicated that there were 194 Private Primary Schools in Nairobi. The list served as a sampling frame for the study. Systematic random samples of 45 private primary schools were selected in the survey using an interval of every 4th private primary school.

3.3 Data Collection Method

Questionnaires were used to collect data for the research (See Appendix 2). The questionnaires consisted of both open ended and closed ended

questions, and provided both qualitative and quantitative data. They were divided into three sections. Section A provided general information on private primary schools, section B sought to find out the competitive strategies adopted by the private schools while section C gathered challenges the schools faced when applying the chosen strategies.

It was a self administered questionnaire targeting either the owners, managers or heads of the private schools. Pick and drop method of data collection was used since the questionnaire was fairly straightforward and it also allowed for a considerable degree of anonymity. It was also a convenient way of distributing and collecting the questionnaire and minimized the effort required by the respondent. The 5-point Likert-type scale was used for data collection because it was relatively easy to develop and use. It was also easier to complete the questionnaire hence unlikely to put off the respondent (Cooper & Emory, 1995).

3.5 Data Analysis Method

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

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

This chapter indicates the data analysis through tabulations and also includes brief discussions of the findings. Section A was analysed using frequencies and percentages; section B and C were analysed using mean scores and standard deviation. A total of 45 questionnaires were distributed. Out of these, only 3 questionnaires were not returned. This resulted to a high response rate of 93%.

4.2 GENERAL INFORMATION

4.2.1(a) Profile by number of years in operation and number of branches

Table 4.2.1(a) No. of years in operation and number of branches

No. of years in operation		
	TOTAL	
	Frequency	%
BASE	42	100%
Not sure	13	31%
1-5 years	2	5%
6-10 years	15	36%
More than 10 years	12	29%
Whether has any other branch		
	TOTAL	
	Frequency	%
BASE	42	100%
No	32	76%
Yes	10	24%

As shown in table 4.2.1 (a) 36% of the schools interviewed had been in operation between 6-10 years while 29% had been in operation for more than 10 years. However, 31% were not sure. When asked whether they

had other branches apart from their main ones, 24% said they had while 76% did not have any other branch.

4.2.1(b) Nature of Ownership

Table 4.2.1 (b) Nature of ownership

	TOTAL	
	Frequency	%
BASE	42	100%
Sole proprietor	28	67%
Partnership	7	17%
Church	6	14%
Community	1	2%

In regard to ownership, sole proprietors owned 67% of the private primary schools, 17% were owned by partners while 14% were run and managed by churches.

4.2.1(c) Qualification of the Head Teacher

Table 4.2.1 (c) Qualification of the head teachers

	TOTAL	
	Frequency	%
BASE	42	100%
University graduate	18	43%
Diploma	14	33%
S1	7	17%
P1	2	5%
P2	1	2%

Out of the private schools that were interviewed, 43% of the school head teachers were university graduates, 33% were diploma holders while 17% held S1 qualification. This is an indication that private primary schools seek to employ qualified and competent staff.

4.2.1(d) Number of students per class

Table 4.2.1 (d) No. of students per class

	TOTAL	
	Frequency	%
BASE	42	100%
Between 21-30 students	22	52%
Between 10-20 students	12	29%
Above 30 students	8	19%

Out of all the private primary schools that were interviewed, 52% had 21-30 students per class, 29% had 10-20 students per class while 19% had more than 30 students.

4.3 Competitive Strategies

The first objective of this study was to determine the competitive strategies adopted by private primary schools in Nairobi under the 8-4-4 curriculum. Data relating to the kind of strategies adopted was collected using a 5 point rating scale. The scale indicated the extent to which a particular strategy was used where 1 = Not used at all, 2 = Used a little, 3 = Used moderately, 4 = Used greatly and 5 = Used very greatly. Mean scores were used to analyse the data and they were rated as follows; >4.5 = Used to a very great extent, $4.5 < 3.5$ = Used to a great extent, $3.5 < 2.5$ = Used moderately, $2.5 < 1.5$ = Used a little, < 1.5 Not used at all. A higher mean score indicates that, that particular strategy was greatly used while a lower mean score means it is least used. The results were presented using different tables from 4.3.1 to 4.3.7 according to various characteristics that a school can use to build competitive strategy. These characteristics include the kind of programmes on offer, the size of classes in terms of number of students, the fee structure, quality of teachers employed, marketing strategies, their location and customer care strategies.

4.3.1 Programmes

Table 4.3.1 Programmes

	Mean	Std Deviation
Integrating Christian religion as part of the curriculum	4.24	1.25
Includes facilities for extra curricular activities	4.19	0.833
Integrating Islam religion as part of the curriculum	1.31	0.563
Integrating Hindu religion as part of the curriculum	1.24	0.532
Offer other programmes like GCE besides 8-4-4 curriculum	1.05	0.216

From the findings schools use various programs to differentiate their service offer. The strategies they used greatly include integrating Christian religion as part of the curriculum and ensuring that the schools have other facilities for extra curricula activities. The fact that Islam and Hindu are least used could be based on the fact that they have a lesser number of schools in Nairobi since they are a minority religion.

4.3.2 Size of class

Table 4.3.2 Size of class

	Mean	Std. Deviation
Keeping our sizes of class smaller than competitors	3.52	1.33
Keeping our sizes of class the same as competitors	2.26	1.13
Keeping our sizes of class larger than competitors	1.93	1.16

From table 4.3.2 most schools preferred to differentiate their services by having small size of class in terms of number of students as compared to their competitors to a great extent. As a result, students receive attention from teachers leading to quality education. Keeping size of classes larger than competitors is a cost leadership strategy and it was least used. Adopting cost leadership means quality of education is compromised.

4.3.3 Fees charged

Table 4.3.3 Fees charged

	Mean	Std. Deviation
Charge fees commensurate with the facilities and service offer	4.17	0.91
Charge fees according to the target market segment	3.95	1.19
Keeps fees lower than competitors	2.95	1.10
Keeps fees the same as competitors	2.10	1.01
Provide extra facilities and extra charge for that	1.79	1.22

From the findings, the strategies that were applied to a great extent are fee that is charged according to the facilities and service offer; and when it is charged according to its target market segment. These are differentiation strategies. Charging fees lower than competitors which is a cost leadership strategy is least used.

4.3.4 Teachers

Table 4.3.4 Teachers

	Mean	Std. Deviation
We employ competent and qualified teachers	4.79	0.415
We remunerate teachers well in order to retain them	3.90	1.122
We appraise teachers all round on a regular basis	3.69	1.179
We take teachers for training to improve their skills	2.83	1.146
Pay teachers only what you can afford	2.07	1.351
We employ anyone for as long as they can teach	1.05	0.309

Strategies used to a great extent were employment of qualified and competent teachers; paying teachers well in order to retain them and appraising teachers on a regular basis. These are differentiation strategies, which indicates that service delivery expectation from the staff is high. Cost leadership strategies are least used since this strategy requires that you pay teachers only what you can afford.

4.3.5 Marketing

Table 4.3.5 Marketing

	Mean	Std. Deviation
Keeping up with parents/students preferences	4.38	0.697
Participate in corporate social responsibilities	4.24	0.759
Participate in education fairs	4.10	0.726
Actively advertise in the print and electronic media	2.81	1.366
Doesn't use any marketing tools to sell the school	1.60	1.037

Marketing strategies that are used to a great extent include keeping up with the customers' preferences, participation in corporate social responsibilities and participation in education fairs. These are ways of adopting differentiation strategies. Media advertising, which is a cost leadership strategy was least used.

4.3.6 Location

Table 4.3.6 Location

	Mean	Std. Deviation
The school draws students mainly from its neighborhood which is well populated	3.83	1.480
Offers transport to pupils as a complementary service	3.67	1.493
Setting up schools in other locations where demand is high	2.71	1.470
We do not offer transport to pupils so as to be easy on our fees	1.33	0.846

The differentiation strategies used greatly under location were drawing students from the neighbourhood and offering transport as a complimentary service. The least used strategy is where a school does not offer transport so as to be easy of fees and it is a cost leadership strategy.

4.3.7 Customer care and service

Table 4.3.7 Customer care and service

	Mean	Std. Deviation
Have a good system for getting feedback from parents	4.60	0.587
Serve all customers	4.36	1.144
Employ teachers in accordance to the school's religious values	3.19	1.502
Allow payment of fees in installments	2.93	1.197
Serve specific type of parents/students only	1.55	0.993

From the findings, the strategies that were greatly used were having a good system for getting feedback, which helps in accessing the changing needs or preferences of the customers and employing staff based on the religious values of the school. This is important especially in regard to the religious values that the school seeks to adopt. Focus strategy is least used since private schools do not serve specific customer segments.

4.4 Challenges of Application of Competitive Strategies

The second objective of this study was to establish the challenges of the competitive strategies that were adopted by private primary schools. Data relating to the challenges faced was collected using a 5 point rating scale. The scale indicated the extent to which a particular strategy is a challenge when implemented where 1 = Not at all, 2 = A little extent, 3 = moderate extent, 4 = A great extent and 5= A very great extent. Mean scores were used to analyse the data and the scores were rated as follows; >4.5 = A very great extent, $4.5 < 3.5$ = A great extent, $3.5 < 2.5$ = Moderate extent, $2.5 < 1.5$ = A little extent, < 1.5 Not at all. The higher the mean score the greater the kind of challenge of using that particular strategy and vice versa. The results are presented using different tables

from 4.4.1 to 4.4.4 according to the various challenges arising from cost leadership, differentiation and focus strategies. Other factors that may hinder strategy application of strategies were also tabulated.

4.4.1 Challenges of Cost Leadership Strategy

Table 4.4.1 Challenges of implementing cost leadership strategy

	Mean	Std. Deviation
Low cost learning experience is easily imitated by new entrants in our industry	2.48	1.348
Costs keep increasing due to rising inflation rates	2.10	0.932
Cannot provide some services because of high costs	1.83	1.034
Struggling to keep small sizes of class because its costly	1.81	1.087
High turnover of teachers since we pay only what we can afford	1.33	0.816
Overall	1.91	1.04

The challenges under cost leadership like imitation and high costs were challenging only to a little extent.

4.4.2 Challenges of Differentiation strategy

Table 4.4.2 Challenges of Differentiation strategy

	Mean	Std. Deviation
Extra services offered to pupils are easily imitated	2.40	1.270
It's costly to keep up with changing needs of customers	1.98	0.950
Providing affordable services and meeting needs of unique parents is difficult	1.76	0.958
Customers are complaining of not getting value for money	1.07	0.342
Overall	1.80	0.88

Overall, differentiation strategy challenges are felt to a little extent. However, imitation of the extra services offered to students was a challenge to a moderate extent. Customers complaining that they are not getting value for money was not a challenge at all.

4.4.3 Challenges of Focus strategy

Table 4.4.3 Challenges of Focus strategy

	Mean	Std. Deviation
Some of our competitors are incorporating the needs of our target markets into theirs	2.79	1.180
Targeting all parents is a challenge because they have diverse needs	2.26	0.964
Because of the small size of our target market it is expensive to service our customers	1.69	0.841
Overall	2.25	0.99

It was agreed to a moderate extent that competitors were incorporating the needs of the target market into theirs. Targeting all parents because of diverse needs and unable to service their customers was a challenge to strategy implementation to a little extent.

4.4.4 External factors that may hinder strategy implementation

Table 4.4.4 Challenges of External factors

	Mean	Std. Deviation
Stringent government regulations are a hindrance to the size of our school	3.07	1.52
Limited access to funds to invest in the school	2.98	1.55
Limited growth due to scarcity of land in Nairobi	2.93	1.54
Unable to reach our desired target market since our location is not strategic	1.98	1.26
Cannot provide some services due to poor infrastructure-roads electricity	1.83	0.79
Overall	2.56	1.33

From the overall score, external factors hinder strategy only to a moderate extent. However, stringent government regulations, limited access to funds for expansion and scarcity of land were a challenge to a great extent. Poor infrastructure and their location are a challenge to a little extent.

CHAPTER FIVE: SUMMARY, DISCUSSIONS, AND CONCLUSIONS

5.1 Introduction

This chapter addresses the research questions and objectives outlined in chapter one. It covers summary discussions and conclusions, study limitations and suggestions for further research as well as implications of this study to policy makers.

5.2 Summary, Discussions and Conclusions

Competitive Strategies

The first objective of this study was to determine the competitive strategies adopted by private primary schools in Nairobi under the 8-4-4 curriculum. These competitive strategies were determined by various characteristics upon which a school can use to build its competitive position. These characteristics included programmes, size of class, fee structure, teachers, marketing location, and customer care. Various parameters were outlined under all the characteristics.

From the findings, cost leadership strategies were least used by private primary schools. Private schools can adopt cost leadership strategy by having more students in a class compared to their competitors, charging lower fees than competitors because of the many students, by paying teachers only what they can afford since it focuses mainly on reducing

costs, and they do not offer transport to students so as to be easy on fees. Since the mean scores for these were low, it means private schools rarely use them.

The differentiation strategy was adopted to a great extent by private primary schools. They implemented this strategy by designing unique programs for their students for instance incorporating Christian teaching in the curriculum. They had fewer students in a class. From our general information, 81% of the private schools that were interviewed had less than 30 students per class. They also participated in education fairs and community activities and are responsive to customer needs too. They offered quality education by employing competent staff who are paid well and appraised on a regular basis. They also charged fees that is commensurate with the facilities they offer. Theuri (2003) who carried out a study on competitive strategies adopted by branded fast foods found out that the differentiation strategy was the most popular. This strategy was implemented through customer service, branding and staff training.

The focus strategy was also least used. This was indicated by the fact that private schools are not offering other programmes like GCE besides 8-4-4 curriculum and that most schools find it difficult to serve the needs of a special category of students. However, the focus strategy can be used to a great extent when a school focuses on drawing students mainly from its neighbourhood.

From the discussions, we can therefore conclude that private primary schools implement competitive strategies in order to compete effectively. However, differentiation strategies were the widely adopted strategies in this industry. Cost leadership and focus strategies were least used.

Challenges Faced When Applying Competitive Strategies

The second objective of the study was to establish the kind of challenges private primary schools face while pursuing their chosen strategies. Various challenges were listed under each category of strategy. Other factors that are also likely to hinder strategy application were also identified.

Application of cost leadership strategies is not a challenge as such to private primary schools since it was least used. Cost leadership strategy implementation would require one to invest heavily in order to ride on benefits arising from economies of scale. Unfortunately, most of the investors in this industry are sole proprietors as gathered in the general information and they have limited access to funds.

Implementation of differentiation strategies is a challenge to a little extent from this study. According to Porter (1985), imitation of unique features is a risk when implementing differentiation strategy. Lengewa (2003) in his study identified imitation of services by competitors as a major challenge of differentiation. However, in the case of private schools it seems to be a challenge to a little extent. The reason for this could be attributed to the fact that competition in this industry may not be extremely stiff among the players.

Implementation challenges of focus strategy are felt to a little extent. This is because it is expensive for the schools to serve a specific category of students only. Porter (1985) states that the high costs associated with serving submarkets will eliminate any advantage gained through differentiation.

External factors that may hinder strategy application were also summarized. Stringent government regulations are a hindrance to the size of schools to a great extent. Grant (1998) states that when implementing strategy, government requirements, inadequate financial resources, costly source of funds are some of the challenges a firm faces. Limited access to funds is a hindrance to strategy implementation since it limits expansion and the kind of marketing strategies a private primary school can employ. Gichira (1991) in his study established problems that face the informal sector. These problems limit the strategic options of the players and they include legal issues, financial constraints, managerial deficiencies and social cultural issues. Since most of the investors in this sector are sole proprietors, access to funds and cost of finances is one of their major challenges.

In conclusion, we have established that private primary schools face certain challenges to a little extent as they seek to implement their strategies. However, external challenges for instance limited access to finances and government regulation seem to be the main risks that hinder strategy implementation in this industry.

5.3 Limitations of the Study

The study faced several limitations. The target respondents were difficult to access since they were very busy. Some respondents had to be given the questionnaire more than once as a result, the research took longer than expected. The study covered Nairobi region only, a wider regional representation would have been more comprehensive. The scope of research was limited since it covered only private primary schools under the 8-4-4 curriculum, yet there are many other category of schools

including public schools and international schools. The research was based on self-reported information and hence there was a risk of bias.

5.4 Suggestions for Further Research

Future research could cover other categories of schools including public and international schools. Similar research could be carried out in future to track progress made by private primary schools in the application of competitive strategies especially cost leadership and focus strategies. A more comprehensive study could be conducted countrywide.

5.5 Implication of the Study for Policy and Practice

From the study it was concluded that most private primary schools have adopted the differentiation strategy. It is therefore recommended that they should apply this strategy more aggressively by developing aspects of integrated marketing. These would include branding and positioning as key strategies of service differentiation.

From this study it was noted that the government does not offer support through the ministry of education to this industry. The private schools should therefore form a lobby group that can help steer them towards earning government support.

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APPENDICES

Appendix 1: List of Private Primary Schools in Nairobi

1.	SOS Children Villa
2.	Rv C.M Kareri
3.	Twin Birds Academy
4.	Mary Immaculate Complex
5.	Nairobi Calvary Temple
6.	Juliet Preparatory
7.	Riruta Satellite Academy
8.	Nairobi Pentecostal Academy
9.	Horizon Academy
10.	Kabiro
11.	Eunie Academy
12.	Dagoretti Corner Child Care
13.	Jagiet Academy
14.	Dagoretti Corner Primary
15.	Free Methodist Academy
16.	Peace Junior Academy
17.	Rusinga School
18.	Marantha Precious Home
19.	Kamrose School
20.	Kahuho Road Academy
21.	Al Neel Academy
22.	Good Shepherd
23.	Lepic Junior
24.	Key Academy
25.	Sky View Academy
26.	Jubilee Academy
27.	Riruta Central
28.	Mwangsaza United
29.	Ngando Primary
30.	Gentiana Primary
31.	Forest View Academy
32.	Enna School
33.	Gracious Primary
34.	Eunice Primary
35.	New Good Time Academy
36.	Creative Best Care Junior
37.	New Light

38.	Kabira Highland
39.	Flobose Junior
40.	Uthiru Genesis School
41.	Makini Ngong Road Academy
42.	Riara School
43.	Makini School
44.	St Nicholas
45.	Starthmore
46.	Kianda School
47.	Consolata
48.	Loreto Convent Msongari
49.	Maxwell Preparatory
50.	Karura Church
51.	Loreto Convent Valley Road
52.	Sy Joseph Primary
53.	Akiba Preparatory
54.	St Martins Kibarage
55.	Ananda Marga Academy
56.	Compuera Academy
57.	Rudah Junieur Academy
58.	Kenton College Preparatory
59.	Faraja School
60.	James Jeifa Academy
61.	St Annes School
62.	Kangemi Youth
63.	Upenda Preparatory
64.	Spring Valley
65.	St Annes Junior Academy
66.	Kyuna Academy
67.	Kirwara Road School
68.	Kestrel Manor School
69.	Millennium Academy
70.	Cavalyne School
71.	White Cottage School
72.	New Muthaiga
73.	Allen Groove School
74.	Shepherd Junior
75.	Wanja & Kims
76.	Blue Bells
77.	Buruburu Baptist Church
78.	Church Army Academy
79.	Agbon Junior Academy

80.	Joken Primary School
81.	Alimus Academy
82.	Melrose Academy
83.	St Charles Academy
84.	Plainsview Education Point
85.	St Mary Academy
86.	Immaculate
87.	Glad Toto Primary
88.	Bethlehem Children Home
89.	St Lazarus Children Care
90.	New Light Junior Academy
91.	By Grace Academy
92.	Epren Academy
93.	The Kings School
94.	New Light Komarock
95.	El-Shadai Junior
96.	Savanna Academy
97.	Halisi Academy
98.	Chalan Academy
99.	Infill Academy
100.	Horiwon Leaners School
101.	Donholm Catholic Primary
102.	Mugodo Complex
103.	Lyann Academy
104.	Chrispal Academy
105.	Pehucci Rehabilitation
106.	Embakasi Academy
107.	Riara Springs
108.	Jovial Academy
109.	Welkin Junior
110.	Nectaline Academy
111.	Blessings Primary School
112.	El-Makitoum Academy
113.	Bluesky Academy
114.	Gramma Joy
115.	Immacore
116.	St Lucia
117.	Palace
118.	St Justino
119.	Mukuru Community
120.	Maili Saba
121.	Diwapo

122.	Muungano
123.	Vickmaery Junior Academy
124.	Eastend Junior Academy
125.	Dayspring
126.	Joy Vila
127.	Kinyango Dadora
128.	Jitegemea
129.	City Day Academy
130.	Sky Rock
131.	St Charles Lwanga
132.	Moy'yo Primary
133.	Josna Primary
134.	Uchumi Day Academy
135.	Dadora Junior Academy
136.	Jamerodge Junior Academy
137.	Jehova Jireh
138.	St Joseph Freinadmeltz
139.	St Emma Academy
140.	Komahili Academy
141.	Agano
142.	Grat Love Academy
143.	St James Dadora
144.	Shiranga
145.	Marion Preparatory
146.	Mountain View
147.	Thika Road Christian
148.	Mount Laveta
149.	Nyawai Academy
150.	Paramount Academy
151.	Garden Estate Academy
152.	Daniel Stephen Memerila
153.	Roysambu Junior
154.	St Rosa's Roysambu
155.	Exter Complex
156.	Compassionate Academy
157.	Tembo Court
158.	Cornerstone Academy
159.	Bas Academy
160.	Ivy's School
161.	Gree Cottage Academy
162.	Wanken School
163.	Mucoc Primary School

164.	Gladys Junior Academy
165.	Jema Academy
166.	Eureka School
167.	St Benedict Primary
168.	Mirema School
169.	Sikatu Junior School
170.	Kahawa Baptist
171.	Providence Academy
172.	Laureate School
173.	Wonderland
174.	Zimmerman Premier School
175.	Three Star Academy
176.	Class Max Academy
177.	Vendramin Education Center
178.	Roreen Junior Academy
179.	Ruaraka Academy
180.	Gracious Academy
181.	St Mary's Ruaraka
182.	Evangel
183.	Riverside Academy
184.	Glory Primary School
185.	Mawira Primary
186.	Kasarani Victory Academy
187.	Haven Primary
188.	Mercury Junior Academy
189.	Vulimia Day Care
190.	Queens Academy
191.	True Grace Academy
192.	Star Of Hope Academy
193.	Savyo Bells Academy
194.	Mountain Gate

Appendix 2: Questionnaire

This questionnaire is divided into three parts: Section A, B and C. Kindly answer the questions in each section. The data shall be used for academic purposes only, and will be strictly confidential. Your participation in facilitating the study is highly appreciated.

Title of respondent: _____

Section A: General Information

1. Name and location of school:

2. How many years have you been operating in the Kenyan market?

3. Do you have any other branches? No _____ Yes _____

4. Please indicate the nature of ownership of your school (Tick as appropriate)

Sole Proprietor () Church ()

Partnership () Community ()

Other (Specify) _____

5. What are the qualifications of the Head Teacher (Tick as appropriate)

University Graduate () P1 ()

Diploma () P2 ()

S1 () P3 ()

6. How many students form a class?

Section B: Competitive Strategies

Please indicate (√) the extent to which you have used the following action plans to fight competition in the market. Use the following scale.

- 1 Not used at all 2 Used a little 3 Used moderately**
4 Used greatly 5 Used very greatly

Programmes

- 1 Offer other programmes like GCE besides 8-4-4 curriculum
- 2 Include facilities for extra curricular activities-computers, music etc
- 3 Integrating Christian religion as part of the curriculum
- 4 Integrating Hindu religion as part of the curriculum
- 5 Integrating Islamic religion as part of the curriculum

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Other (Please specify) _____

Size of classes

- 6 Keeping our sizes of class smaller than competitors
- 7 Keeping our sizes of class the same as competitors
- 8 Keeping our sizes of classes larger than competitors

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Fees

- 9 Keeping our fees lower than competitors
- 10 Keeping our fees the same as competitors
- 11 Charge fees commensurate with our facilities and service offer
- 12 Provide extra facilities so we have to charge for that.
- 13 Charge fees according to our target market segment

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Teachers

- 14 We employ competent and qualified staff
- 15 We employ anyone for as long as they can teach
- 16 We take teachers for training to improve their skills
- 17 We appraise teachers all round on a regular basis
- 18 We remunerate teachers well in order to retain them
- 19 Pay teachers only what you can afford

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Marketing

- 20 Participate in education fairs
- 21 Participate in corporate social responsibilities
- 22 Keeping up with parents/pupils preferences
- 23 Actively advertise in the print and electronic media
- 24 Does not use any marketing tools to sell the school

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Location

- 25 Setting up schools in other locations where demand is high
- 26 The school draws students mainly from its neighbourhood which is well populated.
- 27 Offers transport to pupils as a complementary service
- 28 We do not offer transport to pupils so as to be easy on our fees

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Customer Care and Service

- 29 Serve specific type of parents/students only
- 30 Serve all customers
- 31 Have a good system for getting feedback from parents
- 32 Employ teachers in accordance to the school's religious values
- 33 Allow payment of fees in installments

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Other Action Plans Used (Please specify)

- 34 _____
- 35 _____

1	2	3	4	5
1	2	3	4	5

Section C: Challenges of Application of Competitive Strategies

To what extent has your school faced each of the following challenges in applying competitive strategies? Use the 5-point scale below to indicate the level of challenge.

1 Not at all 2 A little extent 3 Moderate extent 4 A great extent 5 A very great extent

Cost Leadership

- 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 Our low cost learning experience is easily imitated by new entrants in our industry

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Differentiation

- 1 Providing affordable services and meeting needs of unique parents is difficult
- 2 It is costly to keep up with the changing needs of our customers
- 3 Our customers complain they are not getting value for money
- 4 The extra services we offer to our pupils are easily imitated by our competitors

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Focus

- 1 Targeting all parents is a challenge because they have diverse needs
- 2 Because of the small size of our target market, it is expensive to service our customers
- 3 Some of our competitors are incorporating the needs of our target market into theirs.

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

External Factors

- 1 Cannot provide some services due to poor infrastructure-roads, electricity
- 2 Unable to reach our desired target market since our location is not strategic
- 3 We cannot expand our business due to scarcity of land in Nairobi
- 4 We have limited access to funds that we can invest in the school
- 5 Stringent government regulations are a hindrance to the size of our school

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

Please indicate and rank (1 being the greatest) the challenges you have experienced/currently encounter as you operate in the education industry as a private school.

Thank you for completing this questionnaire.