COMPETITIVE STRATEGY IMPLEMENTATION AND ITS CHALLENGES IN EARLY CHILDHOOD DEVELOPMENT EDUCATION INSTITUTIONS NAIROBI CITY COUNTY, KENYA

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI

OCTOBER, 2014
DECLARATION

I Lydia Adhiambo Gwendo hereby declare that this MBA research project is my original work and has not been submitted to any other university, college or institution for any award such as certificate, diploma or degree.

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Date…………………………

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SUPERVISORS APPROVAL

This research project has been submitted for examination with my approval as the University Supervisor.

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ACKNOWLEDGEMENT

I take this opportunity to thank God for enabling me complete this program. Special thanks to my precious family for the time they gave me, enduring my long absence from home especially my little son Mark. I also extend my special gratitude to my supervisor, Dr. James Gathungu, for sharing his valuable time, his guidance and patience in reading, correcting and re-reading this work.

Finally I acknowledge the management of the preschools for the time they took to provide me with the data I needed, without whom this research would not have been possible.
DEDICATION

I dedicate this work to my loving husband, Sila and our two sons Shadrack and Mark for the sacrifice they made for me to be able to complete this work. Their love, patience, support, concern, encouragement and motivation inspired me to reach this goal.
ABSTRACT

The education sector in Kenya has undergone major changes in the recent years. One of the major changes has been an upsurge of competition in the sector, this has been attributed to the high entry levels of private investors into the sector. The early childhood development education has undergone such metamorphosis, in the past this institutions were more or less initiatives of the community or the church, currently 80% of this institutions are owned by private investors. Competition in the provision of this service is cut throat, with this the operators have been forced to adopt competitive strategies to survive. These competitive strategies have to be reviewed from time to time according to the changes in the environment. This is what inspired this study, to look at the implementation of these competitive strategies and the challenges faced by these institutions during the implementation process. The study adopted a sample survey design, data was collected using questionnaires and analyzed using descriptive statistics. Porter asserts that there are three generic strategies these are focus strategy, differentiation strategy and cost leadership strategy. The study established that the ECDE institutions adopted differentiation and cost leadership strategies to a greater extent. Through provision of unique extracurricular activities, subjects and provision of transport services most of this institutions achieved the differentiation strategy. Differentiation strategy posed a challenge during the implementation process due to the exorbitant implementation cost of the strategy and the ever changing customer needs. Cost leadership strategies were used to a great extent but the challenge was the need to strike a balance in order to break even. Focus strategy was used but to a lesser extent. Therefore there is need for further studies to be done on other strategies that can be adopted by ECDE institutions and also focus on other counties in Kenya.

Keywords: competitive strategy, differentiation strategy, generic strategies, strategy implementation.
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### ABBREVIATIONS AND ACRYONYMS

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECDE</td>
<td>Early Childhood Development Education</td>
</tr>
<tr>
<td>FPE</td>
<td>Free Primary Education</td>
</tr>
<tr>
<td>MBA</td>
<td>Master of Business Administration</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organizations</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package of Social Sciences</td>
</tr>
<tr>
<td>RBT</td>
<td>Resource based theory</td>
</tr>
</tbody>
</table>
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations exist for many reasons some of these are making profits and surviving turbulent times in their environment. This study will analyze the challenges facing ECDE institutions in their bid to implement competitive strategies. Competitive strategies are fundamental bases on which a business unit might seek to achieve a lasting advantageous position by meeting the expectations of buyers, users or other stakeholders (Johnson & Scholes, 2002). An effective competitive strategy takes offensive or defensive action in order to create a defendable position against the five competitive forces and involves positioning the firm so that its capabilities provide the best defense against these forces (Porter, 1998). Competitive positioning when done right can make an organization attain competitive advantage. Competitive advantage will give the firm an edge over the rest of the firms operating within the same industry or sector.

Organizations use different bases to achieve competitive advantage these include price based strategies, focus strategies, cost leadership and differentiation (Porter, 1990). Different organizations will adopt either of these bases or a combination of the bases to achieve competitive advantage. It is therefore essential for firms to do strategic planning. Strategic planning is an involved, intricate, and complex process that takes an organization into uncharted territory. It does not provide a ready-to-use prescription for success; instead, it takes the organization through a journey and offers a framework for addressing questions and solving problems. Being aware of potential pitfalls and being prepared to address them is essential to success (David, 2011). Customers in any business environment are scattered and have varied perceived value
of any particular product or service, this is the reason why many organizations will use a combination of the above stated factors to gain competitive advantage.

The implementation process of any strategy comes with its challenges, how an organization manages or adapts to these challenges determines its success or failure. The implementation of competitive strategies has various challenges namely: levels of competition, resistance to change, technology, leadership styles, government legislation, human resource competency levels, lack of finance, and environmental influences among other variables. The ECDE industry is one that is not well regulated there is no proper legislation and the entry barriers are few if any. This has led to the sector being faced by unhealthy business competition where most operators are private investors.

1.1.1 The Concept of Strategy

Strategy is a firm’s game plan that enables the firm to create competitive advantage (Pearce & Robinson, 2000). A focused organization will have a game plan with set targets to be achieved and appropriate strategies to achieve these targets. Strategy gives a firm and all its stakeholders a sense of direction and for the strategy to be successfully implemented there must be unity of purpose. Mintzberg & Quinn (1991) define strategy as a primary means in reaching the focal point. Employees need to be sensitized on the concept of strategy as pertains to the organization to minimize the resistance levels during the implementation stage of the strategy.

A firm needs a yardstick to measure actual performance against the expected performance deviations if any should be assessed and appropriate measures put in place to prevent such occurrence in the future. A strategy therefore is a yardstick against which the organization can consistently measure its performance. Due to the unpredictability in the business environment, it is paramount that this strategy be
reviewed from time to time in line with the environment in order to create a strategic fit. Strategy is a set of decision making rules for guidance of organization behavior (Ansoff & Mc Donnell, 1990). The decision making process of a firm is complex and time consuming; strategy aids the process by acting as a tool. Strategy helps the firm relate to its environment and serves as a guide to the organization on what it is trying to do and achieve (Johnson & Scholes, 1990).

1.1.2 Strategy Implementation

Crafting a good strategy and failing in the implementation of the strategy cannot earn any organization a competitive advantage; it’s having plans with ineffective actions. According to (Thompson & Strickland, 2008) the management’s action agenda for implementing and executing the chosen strategy emerges from assessing what the company will have to do differently or better given its particular operating practices and organizations circumstances to execute the strategy competently and achieve the targeted financial and strategic performance. The survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2002).

A firm’s strategy is always successful when there is a strategic diagnosis that determines the changes that the firm has to make in its internal capability and strategy to give assurance of the firm coping with the future environment. Ansoff and McDonnell (1990), focused on three conditions that ensure a firm’s performance potential is optimum namely; that the aggressiveness of the firm’s strategic behavior matches the turbulence of its environment; the responsiveness of the firm’s capability matches the aggressiveness of its strategy; and lastly the components of the firm’s capability must be supportive of one another.
1.1.3 Competitive Advantage

Firms in a given environment face competition, doing things differently or better than its rivals will keep it ahead of the pack. The key to winning and keeping customers is to understand their needs and buying process better than competitors do and to deliver more value (Kotler, 2001). Customers vary in their perception on value by gaining multiple advantages an organization will create a sustainable competitive advantage. A company achieves sustainable competitive advantage when an attractive number of buyers prefer its products or services over the offerings of competitors and when the basis for this preference is durable (Thompson, Strickland & Gamble 2007).

A firm can gain heterogeneous advantage over rivals by playing the game differently or playing a totally different game, better serving customers through different skills, resource combinations and product. Creating a constellation of multiple evolving competitive advantages and renewing such a constellation in a timely fashion, however will likely make persistent superior performance more readily attainable (Ma, 1997). Organizations need to do a thorough market and internal diagnosis to establish areas of competitive advantage and the organization’s competency in creating this advantage.

In their quest to enhance the theory of competitiveness, Michael and Fred (1993) have offered a new classification of competitive marketing strategies namely operational excellence, customer intimacy and product leadership. The operational excellence makes an organization utilize its resources optimally reducing the cost leading to a higher profit margin. (Rao, 2005) on the other hand states that competitive advantage enjoyed by a firm has a three stage life cycle consisting of: build up period where strategic moves are successful in producing competitive advantage; benefit period where fruits of competitive advantage are enjoyed; and erosion period where
competitive advantage held by the firm is eroded due to imitation, duplication, new technology and attack by rivals. This is a perfect match to a product life cycle at each of these stages it is advisable that firms review their strategy in line with the environment through either aggressive marketing, withdrawal of the product from the market, increasing the number of its marketing niche, divesting, rebranding the product among others.

1.1.4 Early Childhood Development Education in Kenya

ECDE involves early care, education, development and socialization of children from birth to 8 years. ECDE should ensure total and holistic development of children mentally, socially, physically, emotionally, morally, aesthetically and spiritually (Kabiru & Njenga, 2009). In Kenya, early childhood education refers to the provision of learning to children aged below 8 years. It includes day care, play groups, baby class, nursery, pre unit and home based care centers, all this is under the responsibility of the Ministry of Education. In the sessional paper no.1 2005 on policy framework for education, training and research, the government made it a requirement that ECDE be integrated as part of basic education. Unfortunately, this policy was not fully implemented leaving the ECDE sector at the mercy of private investors. The Children’s Act 2001 also stipulates that all children have a right to education and the Free Primary Education (FPE) was expected to fulfill the provisions of the children’s Act.

Due to the high demand for early childhood education in Kenya the competition by private initiatives to start these institutions is soaring by the day. The government’s inability to regulate and control the establishment of the ECDE institutions has led to the over commercialization of these centers as some are established in structures which lack infrastructure and competent human resource. ECDE is important in the
development of the cognitive, psychological and psycho-motor skills of the child however, this important task has been left to unscrupulous private investors. Kenya’s vision 2030 blueprint points to the fact that early childhood education is critical to the achievement of this vision. The lack of proper government legislation has led to a sector full of competition this is the reason why none of these institutions can thrive without competitive strategies. The ECDE institutions established in Kenya have major challenges including the implementation of competitive strategies. As discussed earlier these institutions are in most cases un-procedurally started with no structured leadership or infrastructure thus the implementation of these strategies has proved to be an uphill task.

According to the constitution of Kenya, it is the right of every Kenyan to have access to basic education. The implementation of the policy on integration of early childhood education will completely change the environment in which the privately owned ECDE centers operate. The level of competition will reduce because the parents will have an option of sending or not sending the children to this privately owned ECDE centers. However, presently the private sector seems to have monopolized most of the ECDE centers compared to the government.

Table 1.1: Growth of Preschools in Kenya

<table>
<thead>
<tr>
<th>Year</th>
<th>% of total no. of children</th>
<th>No. of schools</th>
<th>Enrolment</th>
<th>No. of teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>25%</td>
<td>4,800</td>
<td>300,000</td>
<td>6,326</td>
</tr>
<tr>
<td>1979</td>
<td>25%</td>
<td>8,000</td>
<td>400,000</td>
<td>10,000</td>
</tr>
<tr>
<td>1989</td>
<td>30%</td>
<td>15,469</td>
<td>801,368</td>
<td>20,696</td>
</tr>
<tr>
<td>1998</td>
<td>35%</td>
<td>24,127</td>
<td>1,080,626</td>
<td>37,983</td>
</tr>
<tr>
<td>2004</td>
<td>57.6%</td>
<td>30,000</td>
<td>1,626,720</td>
<td>70,058</td>
</tr>
<tr>
<td>2006</td>
<td>58%</td>
<td>33,000</td>
<td>1,672,336</td>
<td>74,529</td>
</tr>
</tbody>
</table>

1.1.5 Early Childhood Development Education in Nairobi City County

In Kenya and more specifically Nairobi City County there exist over 400 registered privately owned institutions which offer early childhood development education, with very few owned by the government. The major investors in this sector are churches, the community, Non-Governmental Organizations (NGOs), the Kenya government and individuals among others. The lack of serious control and regulation has seen these institutions charge exorbitant fees with some charging fees higher than secondary schools and universities. In Nairobi City County, ECDE centers provide the following services: day care, play group, baby class, nursery and pre unit. Some of the centers are part of well established learning institutions which run up to secondary level. Students admitted to these institutions are mostly between the ages of 2 to 6 years.

The institutions are scattered all over Nairobi City County with some in the leafy suburbs, slum areas and even residential areas. Because of the varied customer base and incomes the quality of services provided by these institutions differs depending on their location and the market segment they are serving. Also, the fees chargeable are dependent on the customer’s income levels and the customer’s perception of value. One of the shocking aspects about these ECDE centers is that many lack infrastructure, leadership and the human resource is not competent enough.

1.2 Research Problem

All organizations face an environment which is ever changing, how an organization adopts to this environment is the key to its success. In order to remain competitive therefore organizations come up with competitive strategies. This is because the
Intensity of competition is highest in low returns industries. The collective impact of competitive forces is so brutal in some industries that the market is clearly “unattractive” from a profit-making standpoint. Rivalry among existing firms is severe, new rivals can enter the industry with relative ease, and both suppliers and customers can exercise considerable bargaining leverage (David, 2011). The implementation of these competitive strategies helps organizations to gain a competitive edge over other firms. These strategies aim at provision of services or goods in a unique, inimitable and cost effective manner such that the firm does not run out of business while struggling to woe, gain and retain the customers. In an effort to explain this competition, Porter (1980) came up with a five force model of analyzing the business environment. All organizations should consider the impact of these forces especially during the strategy formulation.

In Nairobi City County the past few years have seen a rapid growth in the number of institutions offering early childhood development education. The early childhood education sector is one that is not well regulated as there are few entry barriers in the market. The level of competition is soaring daily thus these institutions have adopted various competitive strategies to remain relevant. Nairobi City County has over 400 privately owned preschool institutions, these schools are spread in the slum as well as the leafy suburbs and the county therefore gives a good representation for sampling purposes.

A number of studies have been carried out relating to the subject including: competitive strategies adopted by primary schools (Kariuki, 2012); competitive strategies adopted by early childhood education institutions (Mukeku, 2013); competitive strategies adopted by private universities in Kenya (Mwaura, 2013); competitive strategies adopted by the University of Nairobi (Amondi, 2013), competitive advantages in Institutions of higher Education (Wagner et al., 2009);
sustainable competitive advantage for educational institutions (Mazzarol & Norman 1999); competitive strategies for higher education in the information age (Richard, 1999); developing competitive strategies in higher education through visual data mining (Erteck, 2009). Interestingly, rarely have they looked into the challenges facing the ECDE institutions in the implementation of competitive strategies. Most of these ECDE institutions are privately owned and in most cases sole proprietorships and the implementation of competitive strategies has been a big challenge due to various reasons namely: poor strategy formulation, lack of finances, lack of clear leadership and poor implementation of these strategies among others.

In order to gain a competitive advantage, the above stated challenges faced by ECDE institutions have to be addressed and possible solutions provided. Most of the institutions have had to close down, operate under low enrollment level or have resorted to charging exorbitant fees to break even. What are the competitive strategies used by the ECDE institutions and what challenges do they face while implementing the strategies?

1.3 Research Objectives

The study was guided by the following objectives:

I. To determine the competitive strategies used by various ECDE institutions in Nairobi City County to gain competitiveness.

II. To establish the challenges faced by these institutions in the implementation of the selected competitive strategies.

1.4 Value of the Study

The implementation of the policy on integration of early childhood education has not been fully implemented therefore this study will give the government important
insights into the ECDE market thus implement effective legislation to govern competition in this sector. This will in turn lead to improved levels of education in this sector by the creation of healthy competition. With proper regulation by the government the stakeholders in this sector will get value from the sector. Finally, the study will also assist the current government in its promise to support the preschool education by addressing key areas of interest to the government.

Efficiency and profitability in the management of these institutions and other educational institutions will improve if the recommendations of this research are implemented. The study will also assist the various stakeholders who have invested or wish to invest in ECDE to understand the competitive strategies they can adopt and the challenges they are likely to face and how to overcome them.

Further the study will advance development of the theory of competitive advantage more specifically in the area of constellation of multiple evolving competitive advantages and this will lead to further research by various scholars on other related fields.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the following areas; theoretical foundations of the study, cost leadership strategy, differentiation strategy, focus strategy, challenges of strategy implementation and how to overcome these challenges. The aim of this study is to examine the competitive strategies used by ECDE to gain competitive advantage and the challenges faced during the implementation process.

2.2 Theoretical Foundations of the Study

The study was guided by two fundamental theories, the resource based theory and the game theory. Porter (1985) identified two competitive advantages the cost and differentiation advantages. Cost and differentiation advantages are created when a firm produces its products or services at an affordable cost and better than that of its competitor. The customer gains superior value in terms of cost and differentiated products. The resource based view anchors on this theory, a firm uses its capabilities and resources to produce goods within its capabilities and resources but which create a superior value to its customers. On the other hand the game theory depicts a market environment where there are various competitors. A move by one competitor affects the operation of the other competitors. The turbulence in the environment is a result of changes of strategies by the key players in the industry. Successful strategies today may be irrelevant tomorrow, firms watch the environment constantly and review their strategies to match the changes in the environment this forms the basis of the game theory.

The requirements for success in industry segments change over time. Strategists can use these changing requirements, which are associated with different stages of
industry evolution, as a way to isolate key competitive advantages and shape strategic choices around them (Pearce et al., 2010). The stages of industry evolution are the introduction, growth, maturity and decline stage, each of these stages require different strategies to be implemented to gain a sustainable competitive advantage.

Rapid industry growth cannot go on forever. The transition to a slower-growth, maturing industry environment does not, of course, occur after any fixed period and it can be forestalled by innovations or other driving forces that renew rapid growth. Nonetheless, when growth slows, the transition usually produces fundamental changes in the industry’s competitive environment (Thompson & Strickland, 1989).

As stated above it is inevitable for any firm to avoid making strategic choices at each of the industry evolution stages. Good strategic choices have to be challenging enough to keep ahead of competitors but also have to be achievable (Macmillan & Tampoe, 2000). Managers at the same time should not implement strategies that will jeopardize the future survival of the firm. The resource based theory has been a vital tool for managers and other strategists in their quest to attain a sustainable competitive advantage. All firms have resources, how these resources are utilized determines the success or failure of the firms.

2.2.1 Resource Based Theory of competitive advantage

The resource based theory of competitive advantage has been a source of contrasting scholarly debates and writings. However, most scholars agree to the significance of this theory in the survival of firms. The resource based theory views the firm from inside out i.e. first identify the firms capability in terms of resources then see which strategies when adopted do not put unnecessary pressure on the resources available. The quest therefore is to obtain as much information as possible concerning these resources in order to make effective investments (Makadok and Barney, 2001). The
resource based theory tends to overlook the implementation of strategies in line with the external environment, which usually tends to look at what the competitor is doing.

Firms have different types of resources but not all resources can create sustainable competitive advantage. The resources are: strategic resources, junk resources and ordinary resources. The junk resources are insignificant to the firm’s performance; ordinary resources simply maintain a competitive parity. For a resource to offer sustainable competitive advantage it has to have the following attributes: valuable, rare, inimitable and non substitutable (Barney & Clark, 2007). These attributes are looked at with respect to the competitors in the industry. The heterogeneous nature of resources and their uneven distribution between competing firms is one of the cornerstones of Resource Based Theory (RBT) as it helps to explain competitive advantage (Peteraf, 1993). A firm enjoys a competitive advantage when it is implementing a value–creating strategy not simultaneously implemented by a large number of other firms. Value and rarity are not associated with the concept of resources but with the strategies developed while using resources (Barney, 1991).

A strategic resource is a rare resource on the market, generally perceived as positive in terms of performance with an expected level of productivity that is greater than its cost (acquisition and development). Such a resource is considered a potential source of rents. The ordinary resources ensure competitive parity. (Vanessa et al., 2013). Fahy, (2000) reasoned that the principal contribution of the resource based view of the firm has been as a theory of competitive advantage.
2.2.2 Game Theory

The game theory came into focus as a result of criticism of Porter’s five force model that failed to take full account of competitive interactions among organizations (Grant, 1998). As elaborated in this theory strategic competition is the interaction among players such that the decision of one organization affects other players. Johnson & Scholes (2010) further suggested that the game theory is concerned with the interrelationships between the competitive moves of a set of competitors.

The Oxford Dictionary of Business and Management (2009) defines game theory as the mathematical study of strategies for dealing with competitive situations where the outcome of a participant choice of action depends critically on the action of other participants. It is a strategic theory or a theory of interactive decision making. A strategic situation involves two or more interacting players who make decisions while trying to anticipate the actions and reactions by others. Game theory studies the general principles that explain how people and organizations act in strategic situations.

A strategic game represents a situation where two or more participants are faced with choices of actions by which each may gain or lose, depending on what others choose to do or not to do. The final outcome of a game therefore is determined jointly by the strategies chosen by all participants. There are also situations of uncertainty because no participant knows for sure what the other participants are going to decide. According to the game theory, it is possible to observe the behavior of rational players in a game and predict what decision they will make next. As long as there is sufficient information about the player types and knowledge of both the rules and dimensions of the game, one can model the probability of future decisions.
2.3 Competitive strategies

Stafford (2005) describes a winning competitive strategy as one that is always founded on consistently understanding and predicting changing market conditions and customer needs. Porter (1998) came up with the generic strategies that can help an organization gain competitive advantage; this are cost leadership, differentiation and focus. The focus strategy has two variants, cost focus and differentiation focus.

Porter (1980), while outlining the idea of generic competitive strategies posits that cost leadership and differentiation signify two fundamentally different approaches to achieve competitive advantage. Cost leadership strategy seeks to achieve above-average returns over competitors through low prices by driving all components of activities towards reducing cost. To attain such a relative cost advantage, firms will put considerable effort in controlling the production cost, increasing their capacity utilization, controlling materials supply or product distribution and minimizing other cost including research, development, and advertising. The specific choice of business strategy by a firm – whether to pursue a low-cost approach or to differentiate on quality should depend on the phase of the industry life cycle

2.3.1 Cost leadership

Business success built on cost leadership requires the business to be able to provide its products or service at a cost below what its competitors can achieve. Low-cost activities that are sustainable and that provide one or more of these advantages relative to key industry forces should become a key basis for the businesses competitive strategy (Pearce et.al, 2010). Firms pursuing cost leadership require accountability by all stakeholders on allocated resources and optimum efficiency in operations. The price charged by a firm on its product affects customers especially those customers who are price sensitive. Price leadership is the taking on by one
company of the responsibility for setting industry prices this is a tactic that is used by many organizations to enhance profitability (Charles & Gareth, 2001).

Firms should examine their value chain and establish areas in which they can be able to gain cost leadership. All activities undertaken in the value chain must be done in a cost effective manner. This requires aggressive construction of efficient–scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoiding of marginal customer accounts and cost minimization in areas of research and development, service, sales force and advertising. Having a low-cost position yields the firm above average returns in its industry despite the presence of strong competitive forces. Improving relative cost position in unsustainable ways may allow a firm to maintain cost parity or proximity, but a firm attempting to achieve cost leadership strategy must also develop sustainable sources of cost advantage (Porter, 1998).

2.3.2 Differentiation Strategy

The objective of differentiation is to develop a position that potential customers see as unique based on certain features that satisfy that class of customers (Awino et al., 2009). Customers’ perception of any product or good differs in terms of what they value in a product. Satisfaction of this differentiated taste and preference requires the firm to highly differentiate its product or service. Differentiation strategy aims to build competitive advantage by offering unique product which is characterized by valuable features, such as quality, innovation and customer service. Differentiation can be based on the product itself, delivery system and a broad range of other factors. With these differentiation features, firms provide additional values to customers which will reward them with a premium price (Prajogo, 2007). Differentiation
provides insulation against competitive rivalry because of brand loyalty by customers
and resulting lower sensitivity to price (Porter, 1998).

The sustainability of differentiation depends on its continued perceived value to
buyers and the lack of imitation by competitors. Differentiation must therefore be
based on sources where there are mobility barriers to competitor’s replication (Porter,
1998). Firms need to continuously carry out competitor analysis to get a hint on areas
which they can create a sustainable differentiation. Kotler (2003) suggested that a
difference will be stronger to the extent that it satisfies the following criteria
important, distinctive, superior, preemptive, affordable and profitable. This difference
should be delivered in a unique way, not easily copied, is affordable to the selected
buyers and one that will lead the organization to profitability.

2.3.3 Focus Strategy

Market research enables firms identify possible profitable market segment in which
the firm can focus on. Porter (1998) elaborates this by stating that the focuser selects a
segment or group of segments in the industry and tailors its strategy to serving them
to the exclusion of others. During market segmentation the organization will target a
segment in which the firm posses competencies to satisfy the segment. According to
Porter (1998) the target segments must be either buyers with unusual needs or else the
production and delivery system that best serves the target segment must differ from
that of other industry systems.

Kotler (2003) explains that the business focuses on one or more narrow market
segments. The firm gets to know these segments intimately and pursues either cost
leadership or differentiation within the target segment. Customer analysis is important
in the identification of the segment in which the firm should focus on. This segment
should be selected carefully as any mishap in the selection process will be an
advantage to the competitor. The focus strategy rests on the premise that the firm is thus able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly (Porter, 1998).

2.4 Challenges of Competitive Strategy Implementation

Executing strategy is a business differentiator. When you have the ability, you out perform your competition. Strategy implementation either makes or breaks a firm. Although crafting a strategy is important the implementation if not well executed will yield minimal results if any. Just like planning the perfect murder, strategy and implementation have a similar relationship. First you must plan and then you must execute it and it never goes as planned. Therefore a contingency plan should be in place just in case the implementation process does not go as planned. Leaders must recognize that crafting and implementing a strategy has equal challenges. They should therefore pay attention to the implementation process. Leaders must reflect that the suspects of strategy’s murder come from both strategy and its implementation. (Speculand, 2001)

Researchers have revealed a number of problems in strategy implementation: weak management roles in implementation, a lack of communication, lacking a commitment to strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities and uncontrollable environmental factors, resistance to change, (Alexander, 1991; Galpin, 1998; Lares-Mankki, 1994; Beer & Eisentat, 2000). Also inadequacy of resources has made good strategies not to be implemented. Problems also occur when company initiatives are not aligned to strategy, when the company processes are not aligned to strategy, when there are
government imposed regulations and also because of the ever changing customer needs. This mismatch can adversely affect the implementation process of the strategy.

The communication of the strategy is usually linear from top to down communication. Understanding the strategy, however, requires a possibility of commenting, querying or questioning it. This can be achieved by continuous two way communication with feedback and reacting to bottom-up messages (Aaltonen & Ikavalko, 2002). Sufficient communication does not guarantee successful implementation; however, interpretation, acceptance and adoption among implementers are crucial. A lack of understanding of strategy is an obstacle in strategy implementation. This misunderstanding can be avoided by ensuring participation by all stakeholders especially the implementers during the formulation of the strategy.

Linking organizational goal-setting systems to strategy is essential, this basically refers to the institutionalization of the strategy and these institutions include leadership, culture, support systems, policies and structure. Always it is important to note that strategy follows structure therefore the organization should have an elaborate structure, through which the various strategies can be cascaded. Moreover, inadequacy of resources during the implementation can be avoided by adopting effective control systems during the implementation as this will provide for checks and balances.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used to carry out the research in order for this research to meet the already laid down objectives. This chapter will therefore explain the design used to carry out the research and the population of study. Details of the data collection and analysis method used to carry out the research will also be given.

3.2 Research Design

The study used a cross sectional survey design this is due to the large number of ECDE institutions in Nairobi City County. The respondents were subjected to the same questions. The same variables were tested across all the respondents. A cross sectional study is one in which various segments of the population are sampled at a single point in time. In such a study, various segments of the population are sampled so that relationships among variables may be investigated by cross-tabulation (Zikmund, 2003). Cross sectional surveys are carried out once and represent a snap shot of one point in time. Cross-tabulation is a technique for comparing data from two or more categorical variables (Schindler & Cooper, 2006).

The research adopted a descriptive research design, descriptive research is a process of collecting data in order to test hypotheses or to answer questions concerning the current status of the subject of the study. Mugenda and Mugenda (2003), describe descriptive research design as a systematic empirical inquiring into which researchers do not have direct control of independent variables as their manifestation has already occurred and cannot be manipulated. Sekaram (2003) explains that descriptive studies undertake to understand the characteristics of an organization that follow certain common practice.
3.3 Population of the study

The population in this study comprised of 40 private registered preschool institution in Nairobi City County (see appendix III). The 40 private preschools selected are located in different areas of the County. This selection gives a good overview of the state of ECDE institutions in Nairobi County. The number 40 was arrived at due to the total number of private registered preschool institutions in Nairobi City County, which stands currently at over 400 according to the Education Department, Nairobi City County.

The study focused mainly on the privately owned ECDE institutions, as noted earlier the government’s promise to support this sector has not been fully implemented therefore there are very few such institutions under the governments docket. The privately owned institutions were selected because here is where the competition is cutthroat; each of these institutions has to apply competitive strategies in order to survive the turbulence. Also these institutions are facing a lot of challenges in the implementation of these strategies.

3.4 Sample Design

Kothari (2004) posits that a sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. The study adopted probability sampling (simple random sampling) to sample the ECDE institutions in Nairobi County. In simple random sampling every population element has an equal chance and independent chance of being selected. The advantage with this method is that it allows the use of inferential statistics, statistical indices calculated on the sample can be evaluated to determine the degree to which they accurately represent the population parameters (Mugenda & Mugenda 2003)
According to (Mugenda & Mungenda 2003) the rule of thumb should be to obtain as big a sample as possible. This should ideally be 10% to 20% of the population of interest. However, resources and time tend to be major constraints in deciding on the sample size to use. 40 ECDE institutions in Nairobi City County were selected, this is because the number of privately owned ECDE institutions in this county are 400 therefore 10% of this institutions were sampled. In each of this institutions 1 Director, formed the sample of the respondents for the study.

3.5 Data Collection

During research, data was collected using self administered questionnaires. These questionnaires were structured and contained both open ended and close ended questions. Since the population of study was accessible, the questionnaires were dropped and picked as appropriate so as to give the respondents enough time. According to (Ochola, 2006) primary data is one collected directly by the researcher. This was the intention of the study to collect the primary data. The questionnaire contained section A on demographics, Section B on competitive strategies and Section C on challenges faced in implementation process of these strategies.

Self administered questionnaire is a suitable method in descriptive study since it avoids subjectivity due to the absence of interviewers influence. The questionnaires took consideration of all the variables being tested and were divided into various sections. The researcher visited the respondents prior to dropping the questionnaires, the aim was to reduce prejudice and suspicion. The respondents were given ample time to fill the questionnaires and a deadline for collection of the questionnaire was also stated, although this was dependant on the availability of the respondents. Each respondent was asked to respond to the same type of questions.
3.6 Data Analysis

Data analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap and evaluate data (Shamoo & Rensik, 2003). The data collected was both quantitative and qualitative. According to Mugenda & Mugenda (2003), the main purpose of content analysis is to study existing information in order to determine factors that explain a specific phenomenon.

Data collected was analyzed using descriptive statistics that included proportions, mean scores, frequencies and standard deviation. Descriptive statistics enables the researchers summarize and organize data in an effective and meaningful manner. A descriptive statistics technique was used since it makes it possible to show the distribution or the count of individual scores in the population for a specific variable. The statistical package of social sciences (SPSS) was used to process and analyze the data in order to determine the relationship between the variables.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analyses, results and discussion, based on the data collected. The aim of the study was to establish the competitive strategies used by the ECDE institutions to gain competitive advantage and find out the challenges faced during the implementation. The findings are presented in percentages, frequencies, mean and standard deviation. The findings are summarized in tables and charts for ease of interpretation. A total of 40 questionnaires were distributed. The completed questionnaires were edited for completeness and consistency all the 40 questionnaires were returned, giving a response rate of 100%.

4.2 General Information

This section provides details of the following areas: type of ownership of the ECDE institution, the number of years worked at the institution, number of employees, the number of children at the preschool level and the type of services offered.

Table 4.1: Respondents’ number of years worked at the institute

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Cumulative frequency</th>
<th>Percent</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 5 years</td>
<td>7</td>
<td>7</td>
<td>18.2</td>
<td>18.2</td>
</tr>
<tr>
<td>6-10 years</td>
<td>22</td>
<td>29</td>
<td>54.5</td>
<td>72.7</td>
</tr>
<tr>
<td>11-15 years</td>
<td>7</td>
<td>36</td>
<td>18.2</td>
<td>90.9</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>4</td>
<td>40</td>
<td>9.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The findings presented in table 4.1 indicate that 54.5% of the respondents had worked at school for between 6 to 10 years, 18.2% had worked at the institution for below five years and between 11 to 15 years. Also 9.1% had worked for above 15 years. From the distributions above it shows that a majority of the respondents had worked at the institution for a period ranging between 1 to 10 years giving a total percentage rate of 72.7%.

This section shows the nature of ownership of these institutions bearing in mind that the focus of the study was on privately owned preschool institutions. The findings are represented in table 4.2 below

**Table 4.2: Type of ownership of the ECDE institution**

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Frequency</th>
<th>Cumulative frequency</th>
<th>Percent</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>38</td>
<td>38</td>
<td>94.1</td>
<td>94.1</td>
</tr>
<tr>
<td>Churches</td>
<td>2</td>
<td>40</td>
<td>5.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.2 depicts that 94.1% of the ECDE sampled are owned by private entrepreneurs and 5.9% are owned by different churches. This shows that due to the few entry barriers to the sector many private business persons are venturing into this sector.

The study sort to establish the number of employee’s employed at ECDE institution. Table 4.3 below presents the distribution
Table 4.3: Number of employees

<table>
<thead>
<tr>
<th>No. of employees</th>
<th>Frequency</th>
<th>Cumulative frequency</th>
<th>Percent</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10 staff</td>
<td>10</td>
<td>10</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td>10-20 staff</td>
<td>27</td>
<td>37</td>
<td>67.5</td>
<td>92.5</td>
</tr>
<tr>
<td>31-40 staff</td>
<td>3</td>
<td>40</td>
<td>7.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td></td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The results indicate that 67.5% of the ECDE institutions employed between 10 and 20 staff. 25% employed below 10 staff and 7.5% employed between 31 and 40 staff members. There is however a correlation between the number of employees employed and the number of number of students in the school. Although the findings showed that some of the institutions were clearly understaffed.

The study also sort to establish the number of students enrolled at the preschool level in this institution. Table 4.4 depicts the findings.

Table 4.4: Number of students enrolled at the preschool level

<table>
<thead>
<tr>
<th>No. of students</th>
<th>Frequency</th>
<th>Cumulative frequency</th>
<th>Percent</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20</td>
<td>7</td>
<td>7</td>
<td>17.5</td>
<td>17.5</td>
</tr>
<tr>
<td>21-50</td>
<td>33</td>
<td>40</td>
<td>82.5</td>
<td>100.0</td>
</tr>
<tr>
<td>51-100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td></td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

From the findings shown in table 4.4, 82.5% had between 21 and 50 students at the preschool, 17.5 had below 20 students. As discussed earlier and as depicted by these
findings the level of competition is very stiff in this sector too many preschools are being opened leading to the low enrollment rates indicated by the distribution above.

Lastly the study sort to establish the type of services offered by the ECDE institutions. Table 4.5 shows the type of services offered.

**Table 4.5: Services offered by ECDE institutions**

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Frequency</th>
<th>Cumulative frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day care</td>
<td>14</td>
<td>14</td>
<td>8.3</td>
</tr>
<tr>
<td>Play Group</td>
<td>12</td>
<td>26.0</td>
<td>7.1</td>
</tr>
<tr>
<td>Nursery</td>
<td>33</td>
<td>59</td>
<td>19.5</td>
</tr>
<tr>
<td>Kindergarten</td>
<td>33</td>
<td>92</td>
<td>19.5</td>
</tr>
<tr>
<td>Pre-unit</td>
<td>39</td>
<td>131</td>
<td>23.1</td>
</tr>
<tr>
<td>Baby class</td>
<td>38</td>
<td>169</td>
<td>22.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>169</strong></td>
<td></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

From the findings, most of the ECDE institutions offered the following services baby class 22.5%, pre-unit 23.1%, kindergarten 19.5% and nursery 19.5%. A few ECDE institutions which are well established having entered the market earlier or which seek to offer a variety of services offered day care services 8.3% and play group 7.1%. Those institutions which shunned offering these two services stated that the customer demand for these was low and the cost of financing these two programs was on the higher side.

4.3: **Competitive Strategies used to gain competitive advantage**

The ECDE is a sector where only institutions which can adapt to the changes in the environment continue to exist. Therefore competitive strategies is a prerequisite, how
these strategies are adopted determine the success or failure of the firm. The study sort to establish the competitive strategies adopted by the ECDE institutions to gain competitive advantage. The respondents were asked to rate the strategy used by their institutions using a scale of 1-5 (where 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree). Table 4.6 below indicates the distribution of competitive strategies used by the ECDE institutions.

**Table 4.6: Competitive strategies used to gain competitive advantage**

<table>
<thead>
<tr>
<th>Competitive Strategy</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market segmentation strategy (focus on certain class of parents)</td>
<td>2.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Cost leadership (charging affordable fees)</td>
<td>4.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Employing competent staff</td>
<td>4.7</td>
<td>0.5</td>
</tr>
<tr>
<td>Improved quality of learning</td>
<td>4.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Increased number of subjects taught</td>
<td>4.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Good leadership</td>
<td>4.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Aggressive marketing strategy</td>
<td>3.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Unique extracurricular activities (differentiation)</td>
<td>4.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Diversified services</td>
<td>3.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Market development strategy (opening new branches)</td>
<td>2.6</td>
<td>1.2</td>
</tr>
</tbody>
</table>

From the data it indicates that employing competent staff (4.7 mean score) was a strategy used to a greater extent to attract and retain customers, other strategies also used to a great extent are cost leadership (4.4), improved quality of learning (4.5) and increased number of subjects taught (4.5). On improved quality of learning some of the ECDE institutions were using thematic learning methods. Although the cost of living has gone up the ECDE institutions were very aware of the environment i.e. the location and charged fees which the population surrounding the school could afford to
pay. Some of the strategies used but to a lesser degree are market development strategy 2.6 and market segmentation strategy 2.7. The respondents indicated that the cost of implementation of these two strategies was prohibitive and particularly market segmentation instilled fear that the institutions would loss vital customers to their competitor.

4.4 Challenges of competitive strategy implementation

The objective of this study was to establish the challenges faced by the ECDE institutions in the implementation of competitive strategy. The implementation of strategy has seen the closure of most of the ECDE institutions. These institutions face a myriad of challenges which at times are beyond their control. The respondents were presented with a number of likely challenges and asked to rate the challenges using a scale of 1-5 (where 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree). Table 4.7 below depicts the findings.

Table 4.7 Challenges faced during the implementation of competitive strategy

<table>
<thead>
<tr>
<th>Challenge of strategy implementation</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resistance to implementation of strategy</td>
<td>3.1</td>
<td>1.3</td>
</tr>
<tr>
<td>Uncontrollable environmental factors</td>
<td>4.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Lack of resources</td>
<td>4.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Weak leadership skills in implementation</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Lack of communication</td>
<td>2.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Incompetent employees</td>
<td>2.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Lack of commitment to strategy by top management</td>
<td>2.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Lack of stakeholder involvement at the strategy formulation stage</td>
<td>2.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Unawareness or misunderstanding of the strategy</td>
<td>2.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Unaligned organization structure and system</td>
<td>2.8</td>
<td>0.9</td>
</tr>
<tr>
<td>Ever-changing customer needs</td>
<td>4.8</td>
<td>0.7</td>
</tr>
</tbody>
</table>
The findings show that the ever-changing customer needs with a mean of 4.8 (94.1% of the respondents) and the uncontrollable environmental factors (4.8 mean, 84.4% of the respondents) posed a very great challenge to the owners of the ECDE institutions. Some of the parents were too demanding, always changing their tastes and preferences. Lack of proper regulatory measures made the ECDE environment very unpredictable. Adapting to this environment is the only strategy that brings returns. On the other hand because all the respondents were directors of this ECDE institutions the findings indicate that the following were challenges but to a lesser extent that is incompetent employees, lack of commitment to strategy, lack of stakeholder involvement, poor leadership skills. But if the respondents were junior employees this results would be somewhat different.

4.5 Discussion of Results

The study was guided by two objectives; to establish the competitive strategies used by the ECDE institutions to gain competitive advantage and the challenges they faced while implementing these strategies. From the findings above the ECDE institutions used various competitive strategies to gain competitive advantage. These competitive strategies were used simultaneously by all the respondents. According to the respondents adopting one strategy does not create superior value to the customers. Cost leadership strategy was used to a great extent by most respondents (4.5) most of the ECDE institutions visited were located near the customers. Before releasing the fees structures most respondents conducted a market research to establish the income brackets of the customers and the charges levied by the competitors. The costs of the services were charged in accordance with the economic conditions in the market. Employing competent staff was also used to a great extend (4.7), creating perceived value to the customers entails providing services that are superior to that of the competitor. Although this was a requirement by the government legislation.
Employing incompetent staff was a challenge by some respondents in the implementation of the competitive strategies at (2.7). Competent staff improves the image of the organization and creates competitive advantage. As discussed earlier in the literature review (Porter, 1990) explains that competitive advantage has two dimensions the cost advantage and the differentiation advantage. The provision of a variety of services by the ECDE institutions was meant to attain the differentiation advantage, these institutions also offer a number of unique subjects and extracurricular activities to offer a variety of services. The RBV outlines that a firm needs to operate within its capabilities and within the confines of its resources this is the reason why most of the respondents used market segmentation (2.7) and market development (2.6) to a lesser extent. The two strategies were viewed to be out of line with the respondent’s resources and capabilities.

The ECDE institutions faced a number of challenges during the implementation process mainly the ever-changing customers tastes and preferences and the unpredictable business environment. This sector has a very turbulent environment and the entry barriers as discussed earlier are few increasing the number of competitors. Satisfying a varied market base proved to be a great challenge the customer’s behavior at some stage of the product life cycle was unpredictable. Lack of resources was a challenge in the implementation since most of the ECDE institutions had low enrollment levels meaning low income base. This is the reason why most of the institutions used market segmentation and development strategies at a lesser extent because of the cost implication.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary, conclusion and recommendations for further research in this area. This study aimed at establishing the competitive strategies used by the ECDE institutions to gain competitive advantage and the challenges they face during the implementation process.

5.2 Summary of Study Findings

The study established that most ECDE institutions have between 21-50 students (82.5%) employing 10-20 staff members (67.5%). The study revealed that ECDE institutions in Nairobi City County face stiff competition from the environment. This explains the reason for the low enrollment rate of pupils which stands at between 21-50 students (82.5%). These institutions use differentiation strategies such as unique extra-curricular activities, offering transport services to a large extent. Cost leadership is also used to a great extent to deal with the ever increasing number of competitors in this sector.

The customers ever changing needs affected the implementation of competitive strategies to a great extent, 94.1% of the ECDE institutions sampled in the study had difficulties implementing the strategies due to the ever-changing customer needs. The customers in this sector have different tastes and preferences which keep changing. Here customers demand for unique attributes and continuous improvement of service provision. This finding is consistent with Cantor & Macdonald (2009) assertion that no matter how successfully developed a product may be, it is worthless except when its benefits are made clear and appreciated by target customers.
Porter (1985) states that the high cost associated with serving submarkets will eliminate any advantage gained through differentiation. In line with this philosophy focus strategy is rarely used by the ECDE institutions most of the respondents felt that if they used the focus strategy this would limit the number of customers, although this was common in pre-schools located in areas inhabited by low income earners for example Kibera, Riruta and Kiangombe slums. However some schools which are appreciated by the high end earners used focus strategy to a large extent by targeting a certain class of customers through offering unique and a variety of services at high cost. The type of clientele for this schools value quality compared to price of the product. Price cuts rarely attracted this customer.

The respondents cited various challenges that the institutions faced in implementing the competitive strategies. The turbulence in the environment, changing competitor strategies affected implementation of the strategies to a great extent. The respondents stated that it was not easy to come up with long term strategies due to the level of dynamism in the market. High cost of capability and demand variability proved to be a challenge. In an effort to match the changes in customer tastes and preference most ECDE institutions have adopted unique extracurricular activities for example swimming and skating also additional subjects are taught to the learners e.g. French, music and German.

Although most ECDE institutions used differentiation and cost leadership strategies the cost of implementation of some of these strategies was prohibitive. ECDE institutions in Nairobi as established from the data collected are sole proprietorship. The respondents therefore were owners of these institutions thus communication, employment of competent employees, commitment to strategy, lack of stakeholder involvement and weak leadership skills did not come up as challenges to a great extent.
5.3 Conclusion of the Study

Based on the findings of the study differentiation is the most effective strategy. The strategy can be implemented by offering unique services, unique service attributes and outwitting the competitor by doing what they do better. Aggressive marketing could influence the creation of an image for the school. This image once perceived by the customer favorably will lead to increase in the number of students. Promotion makes customers make informed decisions concerning the school. The promotion cost need not be prohibitive since this can be done by using flyers and pamphlets like some schools were doing.

5.4 Recommendations of the Study

The study established that some ECDE institutions did employ incompetent staff, the persons spearheading the strategy implementation were lacking in many areas. The study therefore recommends that the ECDE institutions adhere to best practices and the ministry of education guidelines. The persons spearheading the strategy implementation should communicate effectively and timely and follow up on the implementation.

Parent-teacher relationship serves as an important tool in service delivery this should be at its best. Training often enables smooth implementation of the strategy, knowledgeable employees protect the organizations image. Therefore the ECDE institutions should invest in training of employees. The employee’s remuneration should lead to greater motivation and satisfaction levels of the employees. A motivated staff will support the implementation process of the strategy.
5.5 Limitations of the Study

The study faced a myriad of limitations. Confidentiality by the respondents hindered the collection of data. Also some respondents had to be reminded several times of the passed deadlines of collection of the duly completed questionnaires. The study was limited in scope since it covered only Nairobi County as such the recommendations of this study may only be applicable to a different county at a minimal extend. The study was also limited to certain strategies whereas there are many more strategies which this institutions can adopt to remain competitive. This was due to financial and time constraints.

5.6 Suggested areas for further Research

Further research in similar studies should be undertaken at the middle level colleges. Further studies should include respondents from the lower level management since most of these institutions are sole proprietorships. Also further research may be conducted on constellation of multiple evolving competitive advantages as this will assist firms know how to balance each strategy used simultaneously to gain competitive advantage. This is contradicted by Porter who asserts that generic strategies may not be used simultaneously.
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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Lydia Adhiambo Gwendo

P.O Box 53634-00200

Nairobi

Date:…………………………………………………………

The……………………………………………………………

………………………………………………………………………………

Dear Sir/Madam

Request to Collect Data for an MBA Project

My name is Lydia Adhiambo Gwendo, an MBA student at University of Nairobi, conducting a research on competitive strategies used by ECDE institutions and the challenges faced in the implementation. In order to undertake the research you have been selected to form part of the study.

This letter is therefore to request for your assistance in filling in the questionnaire and any other information relevant to the research. Any information given will be treated with strict confidence and is purely for academic purpose. After completion of the report I will get back to you with the findings if you are interested.

Your assistance and cooperation in this exercise will be highly appreciated.

Yours faithfully

Lydia Adhiambo Gwendo
APPENDIX II: QUESTIONNAIRE

COMPETITIVE STRATEGY IMPLEMENTATION AND ITS CHALLENGES IN EARLY CHILDHOOD DEVELOPMENT EDUCATION (ECDE) INSTITUTIONS NAIROBI CITY COUNTY

Section A: Demographics

1. Name of the Institution

2. Position held in the Institution

3. Number of years worked at the Institution

   Below 5 years { } 6-10 years { }
   11-15 years { } above 15 years { }

4. What is the type of ownership of your institution?

   Private { } Government { } church { }
   NGO { }
   Others specify { }

5. How many employees are there in your institution?

   Below 10 staff { } 10-20 staff { }
   21-10 staff { } 31-40 staff { }
   41-50 staff { } Above 51 staff { }

6. How many children are enrolled at the preschool level?

   Below 20 { } 21-50 { } 51-100 { }
   101-200 { } Above 200 { }

7. What services do you offer?

   Day care { } Play Group { } Nursery { }
   Kindergarten { } Pre-unit { } Baby class { }
   Others { } please specify
Section B: Competitive Strategies

8. Below is a list of competitive strategies used by ECDE Institutions to gain competitive advantage. Using a scale of 1-5 (where 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree), please rate your level of agreement with each of the following statements on competitive strategies.

<table>
<thead>
<tr>
<th>Competitive Strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Our institution has applied market segmentation strategy to improve its competitiveness (focusing on certain class of parents)</td>
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<td>Our organization has employed cost leadership strategy to improve its competitiveness (charging affordable fees)</td>
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<tr>
<td>Our institution has employed competent staff to improve its competitiveness</td>
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<td>Our institution has improved the quality of learning to gain competitive advantage</td>
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<td>Our institution has increased the number of subjects taught to gain competitive advantage</td>
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<tr>
<td>Our institution has good leadership that has lead to our competitiveness in the ECDE sector</td>
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<td>Our institution has adopted aggressive marketing to gain competitiveness</td>
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<tr>
<td>Our institution has unique extracurricular activities to increase our competitiveness (differentiation)</td>
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<td>Our institution has diversified its services to improve its competitiveness in the ECDE sector</td>
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<td>Our institution uses market development (such as opening branches or a primary school) to gain competitiveness</td>
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### Section C: Challenges in the implementation of competitive strategies

9. Below is a list of challenges faced by ECDE institutions during the implementation of competitive strategies. Using a scale of 1-5 (where 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree, please rate your level of agreement with each of the following challenges of implementation of competitive strategies faced by your institutions.

<table>
<thead>
<tr>
<th>Competitive strategy implementation challenges</th>
<th>1</th>
<th>2</th>
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<tbody>
<tr>
<td>Resistance to implementation of the strategy</td>
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<td>Uncontrollable environmental factors (e.g. too much competition, low fees charged by competitors)</td>
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<td>Lack of resources</td>
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<td>Weak leadership skills in the strategy implementation</td>
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<td>Lack of communication</td>
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<td>Incompetent employees</td>
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<td>Lack of commitment to strategy by top management</td>
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<td>Lack of stakeholder involvement at the strategy formulation stage</td>
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<td>Unawareness or misunderstanding of the strategy</td>
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<td>Unaligned organization structure and system to the strategy (if e.g. the organization structure is an obstacle).</td>
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<td>Ever changing customer needs</td>
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</table>

10. Briefly state three unique aspects about your institution which your competitors have not been able to match or imitate.

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________________________________________________________________________________________________________________________

________________________________________________________________________________________________________________________

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11. What challenges do your competitors pose?

<table>
<thead>
<tr>
<th>Challenge</th>
<th></th>
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<tbody>
<tr>
<td>Employing highly qualified staff</td>
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<td>Aggressive marketing</td>
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<tr>
<td>Charging lower fees</td>
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<tr>
<td>Offering quality learning</td>
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<tr>
<td>Offering a variety of extracurricular activities</td>
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<tr>
<td>Offering additional subjects e.g. French, music</td>
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<tr>
<td>Others</td>
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</table>

Please specify……………………………………………………………………………………………
APPENDIX III: A LIST OF ECDE INSTITUTIONS NAIROBI

CITY COUNTY – Used in the survey

1. APPLETON MONTESSORI KINDERGATEN
2. ARYA NURSERY SCHOOL
3. ALL SAINTS CATHEDRAL KINDERGATEN
4. BURUBURU CATHOLIC NURSERY SCHOOL
5. CRAYONS DAYCARE & KINDERGATEN
6. EDENPARK KINDERGATEN
7. EMPIRE SPRINGS KINDERGATEN
8. INTERNATIONAL CHRISTIAN ACADEMY
9. JAFFERY KINDERGATEN
10. KAHAWA BAPTIST ACADEMY
11. KILIMANI JUNIOR ACADEMY
12. KIOTA SCHOOL KINDERGATEN
13. KINDERVILLE ACADEMY
14. KINDERWORLD JUNIOR SCHOOL
15. LANGATA KINDERGATEN
16. LAVINGTON MONTESSORI KINDERGATEN
17. LAVINGTON UNITED CHURCH KINDERGATEN
18. LOGOS CHRISTIAN SCHOOL
19. LITTLE HEART KINDERGATEN (MONTESSORI)
20. LIBERTY CHRISTIAN ACADEMY
21. LIGHT ACADEMY KINDERGATEN
22. MANYANI GREEN SCHOOL
23. MAULADAD MUSLIM NURSERY SCHOOL
24. MODERN CARE SCHOOL
25. MOI EDUCATIONAL CENTER
26. MY SCHOOL (MONTESSORI)
27. RIARA GROUP OF SCHOOLS
28. ST. JOSEPH NURSERY SCHOOL
29. UTAWALA TENDERCARE JUNIOR SCHOOL
30. VOICE OF HOPE SCHOOL
31. GREAT ACHIEVERS ACADEMY
32. ST. BAKHITA KINDERGATEN SOUTH B
33. JUNIOR HEARTS ACADEMY
34. ACACIA PLAIN ACADEMY
35. ALLEN GROVE SCHOOL
36. ASLAM JUNIOR ACADEMY
37. BARBIE KIDS KINDERGATEN
38. BEAUTIFUL HEARTS NURSERY SCHOOL
39. BUNKS AND BIDDLES SCHOOL
40. BURUBURU COMMUNITY CENTRE NURSERY

Source: Ministry of Education, kenya
APPENDIX IV: MAP OF KENYA WITH COUNTIES
APPENDIX V: NAIROBI COUNTY MAP