RELATIONSHIP BETWEEN COMPETITIVE STRATEGIES AND PERFORMANCE OF PUBLIC SECONDARY SCHOOLS IN THE KENYA CERTIFICATE OF SECONDARY EXAMINATION IN THE NAIROBI CITY COUNTY

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DECLARATION

I declare that this research project is my original work and has not been submitted to

any university for award of a degree or any other certificate.

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D61/9045/2006

This research project was submitted for examination with my authority as the

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DEDICATION

I dedicate this project to my Precious and Shallom for allowing mum to be away from home

to pursue this degree programme. May your academic stars shine.

ACKNOWLEDGEMENT

I would like to thank Almighty God for enabling me to undertake this course. I recognize the contribution of my supervisor Professor K'Obonyo towards this project. I sincerely thank my loving husband, Moses for his invaluable support throughout the entire course. His moral support and encouragement made this project to be realized. I am forever indebted to my parents, Mr. and Mrs Magondu for their tireless moral support and prayer and instilling in me the importance of education from tender age. I am grateful to my colleagues in the Credit Authorisation Department of Barclays Bank for allowing me time off when I needed to concentrate on this project.

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ABSTRACT

This study was carried out with the sole objective of establishing the relationship between competitive strategies and performance of public secondary schools in the Kenya certificate of secondary examination in the Nairobi city county. The study took the form of a descriptive research design. Primary data was collected from a sample size of 45 respondents. Frequencies and percentages as well as descriptive statistics were used to analyze the data. The study established that public secondary schools in Nairobi use a number of competitive strategies such as utilisation of performance targets for teachers; benchmarking for best practice in the education sector; offering rewards to teachers and top performing students; enforcing discipline among students; recruitment of highly skilled teachers; ensuring that students are engaged in frequent continuous assessment tests and having in place a clear vision that the school pursues. Others include installation of quality facilities such as laboratories and books and efficiency and effectiveness in school operations. It was evident from the findings that there is a strong positive relationship between performance of the schools and adoption of competitive strategies. The schools should be urged to adopt the competitive strategies in order to enhance their performance. Utilisation of performance targets for teachers; benchmarking for best practice in the education sector and offering rewards to teachers and top performing students were found to be the commonly used competitive strategies by public secondary schools in Nairobi County. The study recommends that schools should put more effort in implementation of these strategies since they have a strong positive correlation with performance. Implementing them will assist the schools in enhancing their level of performance in KSCE exams. In general, the findings of the study established that a significant relationship exists between adoption of competitive strategies and the performance of secondary schools. As a result of this, the study recommends that all secondary schools in Nairobi City County should be encouraged to implement competitive strategies to enhance their performance.

CHAPTER ONE INTRODUCTION

1.1 Background of the Study

The Kenyan Education Sector has since the year 2003 embarked on plans to institute reform at all levels. It is therefore, a statutory requirement that all secondary school like other public institutions formulate their strategic plans. As a result they are required to evaluate the conditions in their operating environments, examine competitive pressures, carry out SWOT analysis and identify strategic issues. This requires development of a strategic orientation and execution of strategies capable of moving the institutions to their desired future states. Strategic planning and thinking involves making choices and decisions about the long-term future of an organization (Pearce and Robinson, 2007). The process results in strategic plans that require execution or implementation under the stewardship of strategic behaviour norms. Strategy is a tool that an institution can use to find its competitive advantage and place within the ever turbulent operating environment. Public secondary schools in Kenya must bring about the needed institutional redesign and devise an effective strategic planning system that will guide their operations. The recent guidelines issued by the Ministry of Education, seem to suggest that by pursuing a greater mission differentiation and reallocation of resources they will be better positioned to respond to the changing needs of their constituencies (Ministry of Education, 2006). Benjamin and Carroll (1998) discussing California education system reached the same conclusion. The authors decry lack of effective strategic planning and point out at the many problems facing the sector.

Just as other education institutions, public secondary schools are complex organizations with a strong sense of tradition and a distinct culture. Vroom (1984) asserts that education institutions may be characterized by vagueness in their educational mission statement and a tendency toward anarchy. The absence of a political environment signifies confusion in the internal governing structure. The organizational structure is generally bifurcated between academic and administrative components. Secondary schools have many stakeholders who must be involved in the Strategic management process. The Board of Governors, Parents Teachers Association, Support staff, Students and the surrounding community must see the need to account for the interests of students' parents, government agencies, benefactors, alumni, the community, and the society in general.. Each of these stakeholders makes demands upon the institution and the strategic management must bring these stakeholders into the strategic management process to maximize "client satisfaction."

The choice of a method for strategic management implementation will depend upon situational factors such as size of the institution, complexity of programs, institutional culture, and the style of the management. In view of the complex characteristics of education institutions, the implementation approach should be based upon high participation. Kenyan public schools have always planned but there was never anything strategic about it because the planning has always been the traditional one that followed their normal operations and aspirations. The planning was never seriously focused on the long term. This was the case until the advent of performance contracting that demanded that planning be strategic at all levels (Lewa, Mutuku and Mutuku, 2009).

As a result of the desire to have result driven processes in the management of secondary schools there is need to employ competitive strategies that: evaluates and controls the institution; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment (ibid).

1.1.1 Competitive Strategies

There has been unprecedented competition in the education sector. For the public secondary school to remain afloat and have an edge in the education sector their managers and decision makers must make strategic decisions. Competitive strategy consists of all moves and approaches a firm has taken and is taking to attract buyers, withstand competitive pressures and improve its market position. An organisations competitive strategy can be mostly offensive or mostly defensive shifting from one to the other as market conditions warrant. Public secondary schools just like corporate organisations must have competitive advantages if they have to get an edge over their competitors in securing customers and defending against competitive forces. The goal of education for all is now being looked into a fresh by the organizations concerned to ensure that not just education but quality education is received (UNESCO, 2004). The UNESCO report emphasizes that quality education is a tool to overcome most of the problems in Africa and a means to fulfil other rights. Indicators of quality education must be revised to ensure that standard is maintained worldwide. It is important to realize that poor quality education anywhere in the world is bad for humankind as a whole (UNESCO, 2004).

Strategy is a tool that public secondary schools can use to find their competitive advantage and place within the ever turbulent operating environment. There are two schools of thought on the conceptualization and adoption of competitive strategies. One school of thought has predominantly considered that viable business units can either seek efficiency or differentiation. The more efficiency sought by management the less efficient the firm would be. According to porter (1985), a firm will ultimately reach the point where further cost reduction requires a sacrifice in differentiation. Subscribers to this school of thought have reasoned that the value chain required for the low cost strategy is qualitatively different from the value chain, whereas the emphasis of the low cost strategy is on the lowering of costs wherever possible. A firm either must take the steps necessary to achieve cost leadership or it must orient itself to focus of differentiation and the benefits of optimizing the firms strategy for a particular target segment (focus) cannot be gained if a firm is simultaneously serving a broad range of segments (cost leadership or differentiation) (ibid). The other school of thought proposes that the low cost strategy and the differentiation strategy may be simultaneously and profitably employed by an organisation. According to this school of thought the adoption of the differentiation strategy would entail promoting higher product quality. This would probably involve bearing higher costs across a number of the functional areas in order to support the differentiation strategy and quality products would presumably channel greater market demand towards the firm (Gupta 1995;Hal 1983and Hill,1988).

1.1.2 Organizational Performance

The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Alchian & Demsetz, 1972; Barney, 2001; Jensen & Meckling, 1976; Simon, 1976). Those providing the assets will only commit them to the organization so long as they are satisfied with the value they receive in exchange, relative to alternative uses of the assets. As a consequence, the essence of performance is the creation of value. So long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist. Therefore, value creation, as defined by the resource provider, is the essential overall performance criteria for any organization. Based on this, secondary schools are expected to create value to their students based on their KCSE performance. Different schools employ different competitive strategies to boost the performance of their students at KCSE. This study

therefore, seeks to identify the relationship between competitive strategies used by public secondary schools in Nairobi city County in KCSE.

1.1.3 Public Secondary Schools in Kenya

In Kenya there are approximately7400 public secondary schools. Though, the enrolment and completion rates of primary schools have increased due to the introduction of free primary school education, the transition rates to high schools are low and getting lower due to limited facilities, selective selections, high tuition fees and other costs. Secondly, though the primary school completion and transition to secondary rate is 76.8% and 72.5% respectively; according to the Ministry of education 204-2010 economic survey, a lot needs to be done on the expansion of the facilities in the secondary school section (Ministry of Education, 2013).

According to data from Policy Framework for Education (2012), a government review of secondary education development in Kenya indicates that the number of secondary schools increased from 2,678 in 1990 to 3,999 (11.3% private) enrolling 0.870 million students in 2003 and 4,215 (13% private) schools enrolling 1.03 million students (10% in private schools) in 2006 and 1.7 Million in 2010 (8% private). The number of secondary schools has increased from a total of 6,566 secondary schools in 2008 to 7,308 in 2010 against 27,489 primary schools in 2010, having increased from 26,206 in 2008. Enrollment grew from 1.18 million students in 2007 (639,393 boys and 540,874 girls) to 1,328,964 (735,680 boys and 593,284 girls) students in 2008 and further to 1,701,501 (914,971 boys and 786,530 girls) students in 2010 (Asayo, 2009).

The general enrolment rate for secondary increased from 27.3 % (28.8% for boys and 25.7% for girls) in 1999 to 47.8 % (50.9 for boys and 46.3 for girls) in 2010. To summarize this data, in a span of 13 years; 1990 to 2003, only 1321 schools have increased, translating to

101 schools per year and in 3yrs after the introduction of free primary education, only 216 schools were increased and this translated to 72 school per year, compared to 27,489 primary schools with a completion rate of 76.8%. As at 2010; 1,701,501 students are attending 7,308 schools. The number of students has almost doubled with an additional 539,792 students transitioning to high schools in 2011 but not much has been done to look at the facilities in these institutions (Asayo, 2009).

1.2 Research Problem

Public institutions are under pressure to adopt strategic planning and competitive strategies as they recognize the performance challenges they face and also because they are now required by the government to carry out strategic planning (GOK, 2006). Kenyan public institutions that are essentially traditional in orientation must find new ways of dealing with the emergent performance issues (Lewa, Mutuku and Mutuku, 2009). Every organization has its obligation to perform; consequently it is imperative for the organization to devise competitive strategies that will help it maneuver the ever competitive environment. Competitive strategies consist of combination of attributes that allows an organization to outperform its competitors. These attributes include access and manipulation of natural resources, and access to highly trained and skilled personnel to produce the desired results. An organization is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Barney 1991)

Although, a lot has been researched on competitive strategies in different industries, information on competitive strategies used by public secondary schools in Kenya is scanty. In order to enhance KCSE performance some school organize remedial classes for their candidates outside their normal class timetable hence increasing contact hours of candidates with teachers. These results in the teachers being paid extra monies for the services rendered.

In order to produce excellent results, public secondary schools in Kenya need to learn the strategies that can enhance the performance of their learners at KCSE level. It is therefore, imperative that competitive strategic decision making is one of the major steps that public secondary schools can take to address the challenges they face in enhancing the quality of their services.

While scholars such, Dess and David (1984) examined the performance effects of generic strategies in manufacturing firms, literature on competitive strategies adopted by public secondary schools in Nairobi County is scanty. Dess and David (1984) found out that those firms can be classified into four clusters based on the strategies they adopt: cost leadership, stuck in the middle, focus and differentiation. This study therefore, seeks to analyze the competitive strategies used by public secondary schools in relation to performance in KCSE in Kenya as well as the challenges they face in the implementation of the same. The study will explore the competitive strategies adopted by secondary schools. Whereas it is evident that these schools enroll different caliber of students, the study will compare entry grade and exit grade at KCSE level. This study therefore sought to address the question: What is the relationship between competitive strategies and performance of Kenyan public secondary in KCSE examination?

1.3 Research Objectives

The study sought to analyze the relationship between competitive strategies used by public secondary schools and their performance in KCSE in Kenya. Specifically the study seeks to achieve the following objective:

To establish the relationship between competitive strategies employed by Kenyan public secondary schools and their performance in KCSE examination.

1.4 Value of the Study

There have been unprecedented changes in the management of public institutions. Such changes require public institutions to be result driven and more accountable. As a result they need to re-orientate their strategies for them to be competitive. The findings of this study will be instrumental in guiding public secondary school managers in formulating and implementing competitive strategies that will enhance the achievement of their organizational objectives. This study will form a basis for further research in formulation and implementation strategic decisions in public institutions by other academicians.

1.5 Scope of the Study

This study focused on public secondary schools in Kenya. According to the ministry of education, there are approximately 7400 public secondary schools in Kenya. The study focused on this number of schools as the target population. The study was also concerned with establishing the effect of competitive strategies on the performance of the public secondary schools across the country.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter highlights competitive strategies and organizational performance. The chapter reviews various studies carried out on the evolution of competitive advantages and strategies in organizations. Review of literature on organizational performance in relation to competitive strategies is also highlighted.

2.2 Theoretical Foundation

Two schools of thought have emerged on the conceptualization and adoption of competitive strategies. One school of thought has predominantly argued that viable business units can either seek efficiency or differentiation. The more efficiency sought by management the less differentiated the firm would be (Dess and Davis, 1982, 1984; Hambrick, 1983; Porter 1980, 1985). According to Porter (1985), a firm will ultimately reach the point where further cost reduction requires a sacrifice in differentiation. Subscribers to this school of thought have reasoned that the value chain required for the low cost strategy is qualitatively different from the value chain required for differentiation. A firm either must take the steps necessary to achieve cost leadership or it must orient itself to focus on differentiation. Alternatively, a firm may choose the benefits of optimizing a particular target segment of the market. However, a firm will not succeed if it is simultaneously serving a broad range of segments. (ibid).

Hambrick (1983) has also theoretically excluded the possibility of firms competing with more than one strategy. He has furthermore proposed that even though the competitive strategies may be found among various industries, not all of them would be found within any one industry setting. Others have suggested that the competitive strategies represent broad types of strategic groups. Consequently, the choice of strategy can be viewed as the choice of which strategic group to compete (Dess and Davis ,1982,1984; Roth,1992).

The second school of thought has proposed that the low cost strategy and the differentiation strategy may be simultaneously and profitably employed by an organization (Buzzal and Gale, 1987; Buzzal and wiersema, 1981;Gupta 1995;Hal 1983; Hill,1988;Jones and Butler,1988;Miller and Friesen,1986;Murray,1988; Phillips et.al 1983; Slocomet.al, 1994; White, 1986; Wright,1987). According to this school of thought the adoption of the differentiation strategy would entail promoting higher product quality. This would probably involve bearing higher costs across a number of the functional areas in order to support the differentiation strategy and quality products would presumably channel greater market demand towards the firm.

2.3 Competitive Strategy

Thompson and Strickland (2003) perceived strategy as a combination of competitive moves and business approaches that managers employ to satisfy organizational vision and objectives. Whereas goals represent the ends which the firm is seeking to attain, strategy is the means to these ends (Ansoff, 1990).A unique strategy contributes effectively to the competitiveness's of business firms. Competitive advantage has emerged since 1950s as a tool for reorienting the organizational thrust. Porter (1980) on the other hand noted that competitive advantage is the ability of the firm to outperform rivals on the primary performance goal of profitability. The essence of a strategy is relating an organisation to its environment (porter, 1985).He argued further that strategy only make sense if the market to which it relates are known. He further argued that the essence of business is to create competitive advantage that comes in a number of ways such as low-cost production or product differentiation. According to Pearce and Robinson (1997), a strategy can be viewed as building a defence against competitive forces or as finding position in the industry where forces are weakest.

Scholars such as Collies et.al (1998) identified three elements that collectively lead to competitive advantage that creates value. They called these the corporate strategic Triangle Resource-Assets, skills and capabilities which are basically aspects of resource based strategy; strategic business units and other key segment of the organisation-structure, systems and processes. Collies and his team suggested that sides of the triangle must be aligned to the organisation's vision; goals and objectives to produce competitive advantage that would lead to value creation. Porter (1985) has argued that business strategy is all about competition. He asserted that competition is trying to gain competitive advantage over rivals in the market arena. Competitive strategy is the ability of firm to meet and beat the performance of its competitor. If an organisation does not improve its performance overtime sooner or later, it will lose its competitive advantage and eventually drop out of the market (porter,1985).Thus the Charles Darwin law of natural selection can be applied to business firms that only those organizations, which best adapt to their environment are most likely to survive competition.

The nature and degree of competition in an industry hinge on five forces: The threats of new entrants, the bargaining power of customers, the bargaining power of suppliers and the threat of substitute products or services and the jockeying among current contestants (Porter 1985). The essence of strategy is coping with competition and appreciates how porters five forces competitive model-shape a firm's business strategy .Purpose of competitive strategy is to establish a profitable and sustainable position against the forces that determine industry competition.

The corporate strategist's goal is to find a position in the industry where his or her organisation can best defend itself against these forces or can influence them in its favour. Knowledge of these underlying five competitive forces provides the groundwork for a

strategic agenda of action. They highlight the critical strengths and weaknesses of the organisation, animate the positioning of the organisation in its industry, clarify the areas where strategic change may yield the greatest payroll and highlight the places where industry trends promise to hold the greatest significance as either opportunities or threats (Porters 1980).

According to Porter (2002) competition does not necessarily have to be between companies, Competition can be within the same organisation in each division or would be competing with the other divisions. This type of competition occurs in companies that sell different type of brands. Each brand manager is given responsibility for the success or failure of the brand and compensated accordingly. This is known as intra-brand competition. Kotler (2003) also argue that an organisation is more likely to be hurried by emerging competitors or new technology; however the range of an organisation's actual potential competitor is in reality much broader. In recent years many business have failed to look at the internet to know their most formidable competitor. This has seen many companies being thrown out of the market.

Firms strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns or has the potential to earn a persistently higher rate of profits or any other production output. According to Porter (1985), a firm can achieve (or potential profit) over a rival in one of two ways: either it supplies an identical product or service at lower cost, in which case the firm possesses a cost advantage; or it can supply a product or service that is differentiated in such a way that the customer is being able to pay a price premium that exceeds the additional cost of the differentiation advantage. Differentiation by a firm from its competitors is achieved when it provides something unique that is valuable to buyers beyond simply offering a lower price. Emphasizing the importance of innovation, Grant (1997) points out that innovation not

only creates competitive advantage, it also provides a basis for overturning the competitive advantage of other firm

Competitive advantage is at the heart of a firms performance in competitive market (Pearce and Robinson, 1997) because of vigorous expansion and prosperity however many firms have lost sight of competitive advantage in their scramble for growth and pursuit of diversification firms throughout the world face slow growth as well as domestic and global competitors that are no longer acting as if they are expanding. Failure of many firms strategies stem from inability to translate a broad competitive advantage. An organisation is more likely to be threatened by emerging and existing competitors. The difference between organisation and its competitor are the basis of its competitive advantage. If a firm is in business and self-supporting, then it already has some kind of advantage no matter how small or subtle (Chandler, 1997).

Concentrated growth is a competitive strategy in which a firm directs its resources to the profitable growth, of a single product, in a single market with a single dominant technology. The main rationale for this approach sometimes referred to as market penetration strategy, is that by thoroughly developing and exploiting its expertise in a narrowly defined competitive arena, the organisation achieves superiority over competitors that try to master a greater number of product and market combinations. Market development involves selling of present products, often with only cosmetic modification to customers in related marketing areas by adding channels of distribution or by changing the content of advertising or promotion (Porter 1985).

Market development allows firms leverage some of their traditional strengths by identifying new uses for existing products and new demographically, psycho-graphically defined markets. Products development involves the modification of existing products or the creation of new but related products that can be marketed to the current customers through the established channels. This strategy is often adopted either to prolong the life cycle of the current products or to take advantage of a favourite reputation or brand name. The idea is to attract satisfied customers to new products as result of their positive experience with the firm's initial offering. Innovation is a strategy that seeks to reap the initially high profits associated with creation and customer acceptance of new or greatly improved product (*ibid*).

The underlying rationale of this competitive strategy is to create a new product life cycle and thereby make similar existing products obsolete. This strategy differs from the product development strategy of extending an existing product life cycle. Horizontal integration is based on growth through the acquisition of one or more similar firms operating at the same stage of production-marketing chain. Such acquisitions eliminate competitors and provide the acquiring firm with access to new markets. Vertical integration is based on the acquisition of firms that supply the acquiring firm with input or new customers for its outputs. According to Pearce and Robinson (2011) through this strategy, the acquiring firm is able to greatly expand its operations, thereby achieving greater market share, improving economies of scale and increasing the efficiency of capital use. Concentric diversification involves the operation of a second business that benefits from access to the first firms core competencies with this competitive strategy, the selected new business possess a high degree of compatibility with the firm's current businesses. The ideal concentric diversification occurs when the combined organisation profits increase the strengths and opportunities and decrease the weaknesses and exposure to risk.

Conglomerate diversification can also be a competitive strategy that involves the acquisition of a business because it presents the most promising investment opportunity available. The principal concern and often the sole concern of the venture unlike concentric diversification, conglomerate diversification gives little concern to creating product market synergy with existing businesses. Turnaround strategies involve cost reduction and asset reduction by organisation to survive and recover from declining profits (Pearce and Robinson, 2011). These declining profits may be as a result of economic recession, production inefficiencies and innovative breakthroughs by competitors among others. Divestiture involves the sale of a firm or a major unit of a firm as a going concern. Divesture often arise because of partial mismatches between the acquired firm and the parent corporation, corporate financial needs or the government anti-trust action when firm is believe fairly dominate a particular market. Liquidation involves the sale of the asset of a business for their salvage value. As a long term strategy, liquidation minimizes the losses of all the firms' stockholders. The liquidating firm usually tries to develop a planned and orderly system that will result in the greatest possible return and cash conversion as the firm slowly relinquishes its market share (*ibid*).

Bankruptcy refers to when an organisation is unable to pay its debts as they become due or has more debts than its assets. In filing for bankruptcy, the firm attempts to persuade its creditors to temporarily freeze their claims while it undertakes to reorganize and rebuild the organisation's operations more profitably. In joint ventures, companies create a co-owned business that operates for their mutual benefit strategy in which there is a contractual partnership because the companies involved do not take an equity position in one another. Strategic alliances are distinguishable from joint ventures because the companies involved do not take an equity position in one another. Consortium's a larger interlocking relationship between businesses of an industry (Porter, 1985).

Pearce and Robinson (2011) further proposed a four grid model of competitive strategy cluster. Competitive strategy cluster refers to the strategies that may be more advantageous for a firm to choose under one of the four sets of conditions defined by market growth rate and strength of the firms' competitive position. The authors suggested that in a firm operating in rapid market growth environment with a strong competitive position may adopt strategies

such as concentrated growth, vertical integration and concentric diversification, further, they affirmed firms in a slow market growth environment and weak competitive position, a firm may adopt turnaround, retrenchment, concentric diversification, conglomerate diversification and divestiture strategies. Rapid market growth and weak competitive position may call for firms to adopt strategies such as reformulation of concentrated growth, horizontal integration, divestiture and liquidation. The fourth condition that authors suggested was that of slow market growth and strong competitive position. Here Pearce and Robinson (2011) proposed concentric diversification, conglomerate diversification and joint ventures.

2.4 Organizational Performance

Organizational performance (OP) is the term that refers to the end product of organizations. OP comprises of the actual output or results of an organization as measured against its intended outputs or goals and objectives. In today's business, performance measurement is the systematic assignment of numbers to entities. It is concerned with the development of methods for generating classes of information that will be useful in a wide variety of situations and for solving a wide variety of problems (Churchman, 1999). The ultimate purpose of the performance measurement system is to provide data from which decision makers can implement actions to improve business performance. Performance measurement is the process of obtaining symbols to represent the properties of objects, events or states.

It is natural that organizations measure their performance in order to direct their resources to important goals and to designing strategy. The rapidity of change fostered by global competition and advancing technology has made adaptive flexibility another characteristic of successful organizations. Manufacturers must have the response capability to take advantage of technological changes through process and product innovation. They must have the capability to respond to changes in the marketplace and to respond to the failure of an executed strategy (Alfred et.al 1992).Business today requires better information across a wider scope than the traditional and often leaner financial measure to achieve understanding of the factors that create the foundation of future success.

Neely (2002) observes that recent years have seen the introduction of new methods of measurement, such as activity-based costing, throughput accounting and shareholder value analysis, measurement frameworks, notably the balanced scorecard and the business excellence model have significant relevance in modern business. According to Gosselin (2005), the recent performance measurement literature suggests that organizations should put more emphasis on non-financial measures in their performance. Performance measurement literature suggests that organizations should put more emphasis on non-financial measures that organizations must use new performance measurement approaches such as the balanced scorecard and that measures should be aligned with contextual factors such as strategy and organizational structure. Performance measurement systems that are based on traditional cost accounting systems do not capture the relevant performance issues for today's manufacturing environment.

A variety of integrated systems have been proposed to overcome the limitations of the traditional performance measurement systems. According to Bititci and Turner (2000), a dynamic performance measurement system should have an external monitoring system, which continuously monitors development and changes in the external environment and an internal monitoring system, which continuously monitors developments and changes in the internal environment and raises warning and action signals when certain performance limits and thresholds are reached. Benchmarking brings an overall change to an organization and helps in the achievement of better results. The performance or goal of every section/organ of an enterprise or an organization is decided before hand and scale is set as the standard mark called benchmark. The main purpose of benchmarking is to compare the achieved scale with

other metrics and the standard scale and evaluate the results of the performance. Benchmarking can also be measured by comparing institutions or firms in the same industry (Webometrics, 2004, and web ranking of world universities 2010).

2.5 Competitive Strategies and Organizational Performance

Several researchers have investigated the effect of Porter's generic strategies on the performance of organisations. Dess and David (1984) examined the performance effects of generic strategies based on a sample of non-diversified manufacturing firms. They found out that those firms can be classified into four clusters based on the strategies they adopt: cost leadership, stuck in the middle, focus and differentiation. In terms of sales growth, the four groups were found to be significantly different from one another. The focus cluster was found to have the highest sales growth, followed by cost leadership, differentiation and stuck in the middle clusters. In terms of return on total assets, the performance difference was not significant among the four groups. Whilst the highest return was evident in the cost leadership group, the lowest was evident in the focus groups.

Powers and Hahn (2004) examined the performance impact of generic strategies in the banking sector. Their study indicated that banks fall into five clusters based on the type of strategy they used: general differentiation strategy, focus strategy, stuck in the middle, cost leadership strategy and customer service differentiation strategy. They found that, overall firms employing a strategy perform better (in terms of return on assets) than ones stuck in the middle. The performance of cost leadership followers was significantly higher than that of stuck in the middle firms. However, other strategy followers could not gain significant performance advantage over the stuck in the middle group.

While researchers may not always agree on the best strategy, or strategy combination, most if not all support the long term benefits of strategic planning for successful performance of an organisation or business unit. However, measuring the performance of an organisation is challenging. Buckley et.al, 1988; littler, 1988; Day and Wensley, 1988 disagree about how to both define and operationalize performance. Most studies on organizational performance use a variety of financial and non-financial success measures.

Different researchers employ different financial measures for organisational performance. Saunders and Wong, 1985; Hooley and Lynch, 1985 and Baker et.al, 1988 emphasize on profit and return on investment while Frazier and Howell (1983) emphasizes on turnover. On the other hand Baker et.al, (1988) puts greater emphasis on return on capital and inventory turnover.

It is important to determine how a firm compares with its industry competitors when assessing its performance (Dess and Robinson, 1984). Benchmarking is the process of comparing ones business processes and performance metrics to industry bests and / or best practices from other industries. Dimensions typically measured are quality, time and cost. Improvements from learning mean doing things better, faster and cheaper. It involves management identifying the best firms in the industry, or any other industry where similar processes exist and comparing the results and processes of those studied (the 'targets') to one's own results and processes to learn how well the targets perform and more importantly how to do it.

Balanced score card is said to have originated from originated by Kaplan and Norton (n.d.). It is a performance measurement framework that adds strategic non-financial performance measures to traditional financial metrics to give managers a more balanced view of organisational performance. The balanced score card is a strategic planning and management system that is used extensively in business and industry, government and non-profit organizations worldwide to align business activities to the vision and strategy of the organisation, improve internal and external communication and monitor organisation performance against strategic goals. it suggests that we view the organisation from four perspectives, and to develop metrics, collect data and analyse it relative to each of those perspectives.

Kaplan and Norton (n.d.) do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. But the point is that the current emphasis on financial leads to the 'unbalanced' situation with regard to other perspectives. There is perhaps a need to include additional financial related data, such as risk assessment and cost – benefit data, in this category. In conclusion, even though the impact of competitive strategies on a firm's performance has been discussed for a long time, empirical tests in this regard are scarce (Pearce and Robinson, 2011).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology, which was used to carry out the research. It comprises research design, target population and sampling procedures, design data collection, and data analysis.

3.2 Research Design

Research design is the outline, plan or scheme that is used to generate answers to the research problem. It is basically the plan and structure of investigation. Descriptive cross-sectional research design was used in the study. Descriptive research is a scientific method of investigation in which data is collected and analysed in order to describe the current conditions, terms or relationships concerning a problem. This method was preferred because it enabled an in depth study of the phenomena and comparative analysis across research units.

3.3 Study Population

Target population as defined by Borg and Crall (1959) is a universal set of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The population for this study consisted of all the seventy five public secondary schools in Nairobi City County, Kenya. The sample was obtained from this population.

3.4 Sample Design

The study used a stratified random sampling. All the schools in the Nairobi City County were arranged in the order of Merit based on 2013 KCSE results. The researcher randomly selected 45 schools to be considered for the study.

3.5 Data Collection

The study made use of both primary and secondary data. The study adopted questionnaires as the basic method of primary data collection. Because of the distance involved, the questionnaires were delivered by mail to the respondents. The questionnaire consisted of open and closed ended questions. Close ended questions were used to provide respondents with an opportunity to give details. In open ended questions, spaces were provided for relevant explanation by the respondent, thus giving them freedom to express their feelings. The questionnaires consisted of two parts. Part one collected demographic data while part two addressed competitive strategies. Performance data will comprise mean KCSE grades and will be collected from Ministry of Education. Average of KCSE mean grade for the year 2011, 2012and 2013 were used as a measure of performance.

3.6 Data Analysis

Baily (1984), notes that data analysis procedure comprises the process of packaging the collected information, putting it in order and structuring its main components in away that the findings can be easily and effectively communicated. Editing, coding and tabulation were used to present the findings. The data was analysed using descriptive statistics such as means, frequencies and percentages. Pearson's correlation analysis was used to determine the relationship between competitive strategies and performance. The findings were presented in tables and graphs.

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CHAPTER FOUR DATA ANALYSIS AND PRESENTEATION

4.1 Introduction

This study was carried out with the sole objective of establishing the relationship between competitive strategies and performance of public secondary schools in the Kenya certificate of secondary examination in the Nairobi city county. Data was collected from 37 respondents in secondary schools in Nairobi County out of the sample size of 45. This translates to a response rate of 82.2%, which the researcher considers adequate to support the findings that will be generalized to all the secondary schools in Nairobi County. The findings from the study are presented next.

4.2 Background Information

The respondents were requested to provide some background information concerning their schools. The purpose of this information was to assist in explaining the findings on the relationship between competitive strategies and performance. The findings are presented in Figure 4.1.

4.2.1 Number of Teachers in the School



Figure 4.1: Distribution of schools by number of teachers

The findings presented in Figure 4.1 reveal that 56% of the secondary schools in Nairobi County have more than 30 teachers; 23% have 11-20 teachers while 21% have 21-30 teachers.

4.2.2 Student Population

The findings on student population among public secondary schools in Nairobi County are presented in Table 4.1.

No of students	Frequency	Percent
1-500	6	16.2
500-1000	8	21.6
Above 1000	23	62.2
Total	37	

Table 4.1: Distribution of schools by number of students

It is evident from the findings in Table 4.1 that 62.2% of the public secondary schools in Nairobi County that participated in the study have more than 1000 students; 21.6% of the public secondary schools in Nairobi County have 500-1000 students while 16.2% of the public secondary schools in the County have 1-500 students. The results indicate that most of the schools have a high number of students hence the need to put in place competitive strategies to enhance their performance in KCSE examinations.

4.2.3 Performance of the schools

The mean scores for public secondary schools in this study were collected and the average mean score for the last three years was calculated and are presented in Table 4.2.

Mean score	Frequency	Percent
A Minus	2	5.4
B Plus	5	13.5
B Minus	15	40.5
C Plus	10	27.0
C plain	3	8.1
C Minus	2	5.4
Total	37	100.0

 Table 4.2: Average Mean score for 2011-2013

It was established as shown in Table 4.2 that 40.5% of the schools had an average mean score of B minus for the last three years; 27% of the schools had an average mean score of C plus for the three years 13.5% of the schools had an average mean score of B plus; 8.1% had an average mean score of C plain; 5.4% an average mean score of A minus and 5.4 an average mean of C minus. This is an indication that the performance of the public secondary schools in Nairobi City County is good since 86.4 of the candidates in the sample schools obtained a minimum grade for admission into the public universities in Kenya.

4.3 Competitive Strategies

The study sought to establish the competitive strategies adopted by public secondary schools in Nairobi City County. The respondents were provided with a total of seventeen competitive strategies that may be implemented by the public secondary schools and they were requested to rate the extent to which they have been implemented in their schools using the following scale: 1=not at all 2= less extent 3= moderate extent 4=great extent 5= Very great extent. The findings are presented in the form of means and standard deviations in Table 4.3.

Table 4.3:	Competitive	 Strategies
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	Competitive strategy	Minimum	Maximum	Mean	Standard
1	Use of performance targets for	1	5	4.08	
1	teachers	I	5	4.70	.652
2	Benchmarking with best practices in	1	5	4.64	.748
	the education industry				-
3	Offering rewards to teachers and top performers	1	5	4.58	.739
4	Enforcing discipline among students	1	5	4.46	.924
5	Recruitment of highly skilled teachers	1	5	4.32	.821
6	Frequent continuous assessment tests	1	5	4.27	.784
7	Having in place and pursuing a clear vision	1	5	4.22	.986
8	Using participative leadership	1	5	4.22	.724
9	Quality facilities (lab equipment and books)	1	5	4.18	.732
10	Consistency in quality of education	1	5	4.16	.776
11	Efficiency and effectiveness in school operations	1	5	4.08	.756
12	Diversification in terms of subjects offered by the school	2	5	3.62	.994
13	Admission of best students in KCPE	1	5	3.14	.978
14	Encouraging innovative ways of teaching	1	5	2.21	1.106
15	Adoption of low cost education	2	5	2.25	1.082
16	Differentiation of services from	3	5	2.56	1.054
1.5	those offered by other schools			0.50	1.00 7
17	Dedicating extra time towards tuition	1	5	2.62	1.085

As shown in Table 4.3, among the most commonly adopted competitive strategies include use of performance targets for teachers with a mean of 4.98 and standard deviation of .852. This is an indication that most (99.6%) of the public secondary schools in Nairobi City County give their teachers performance targets they have to achieve. Benchmarking with best practices in the education industry has a mean of 4.64 and standard deviation of 0. 748. This is a confirmation that most (92.8%) public secondary schools in Nairobi County seek best practices on performance and they benchmark with the best performing schools in the education sector. The findings also reveal that offering rewards to teachers and top performers has a mean of 4.58 and standard deviation of 0. 739. This implies that most (91.6%) public secondary schools in Nairobi City County use rewards to teachers and top performing students as one of the main competitive strategies.

The study further established that there are some completive strategies that are adopted by the public secondary schools in Nairobi City County though not with the same magnitude the ones mentioned in the foregoing paragraph. Among these strategies include enforcing discipline among teachers which had a mean of 4.46 and a standard deviation of 0. 924. This is a confirmation that most (89.2%) of the public secondary schools in Nairobi City County agree that discipline enforcement among the students is one of the strategies that make them competitive. It was also evident from the research findings that recruitment of highly skilled teachers has a mean of 4.32 and standard deviation of 0.821. This is a confirmation that 86.4% of public secondary schools in Nairobi City County prefer recruiting highly skilled teachers as one of the strategies of gaining competitive advantage. Frequent continuous assessment tests had a mean of 4.27 and standard deviation of 0. 784. This implies that most (85.4%) public secondary schools in Nairobi City County have adopted frequent continuous assessment as one of their competitive strategies. The other competitive strategies that were found to be significantly adopted by the public secondary schools in Nairobi City County include: having in place and pursuing a clear vision with a mean of 4.22 and standard deviation of 0. 986; using participative leadership with a mean of 4.22 and standard deviation of 0.724; having quality facilities such as laboratory and books with a mean of 4.18 and standard deviation of 0.732; consistency in providing quality education with a mean of 4.16 and standard deviation of 0.776 and efficiency and effectiveness in school operations with a mean of 4.08 and standard deviation of 0.756.

The findings also reveal that public secondary schools in Nairobi City County adopted admission of best students after KCPE results to a moderated extent. This is supported by a mean of 3.14 and standard deviation of 0.978. This implies that most (62.8) of the respondents agreed that the schools have adopted admission of best students after KCPE results to a moderate extent. It was further clear that diversifications in terms of subjects offered had a mean of 3.62 and standard deviation of 0.994. The study further established that there are some strategies that are adopted to a less extent by public secondary schools in Nairobi City County. These include: encouraging innovative ways of teaching with a mean of 2.21 and standard deviation of 1.082; adoption of low cost education with a mean of 2.25 and standard deviation of 1.054 and dedicating extra time towards tuition with a mean of 2.62 and standard deviation of 1.085. This implies that the respondents agreed that the strategies are adopted to a less extent by the schools.

4.4 Relationship between competitive strategies and performance

The study sought to establish the form of relationship that exists between competitive strategies and performance of public secondary schools in Nairobi County. The responses were subjected to correlation analysis and Pearson's correlation coefficients obtained. In order to perform correlation analysis, it was necessary to obtain mean grade scores for each f the 37 secondary schools to represent performance. In this respect an average mean score was computed for the three years (2011-2013) which was used in the correlation analysis. Second, a grand mean for the competitive strategies was computed for each school. Pearson's correlation analysis for the relationship between competitive strategies and performance was then performed based on these scores. The correlation coefficient from this analysis is presented in Table 4.4.

Table 4.4: Correlation analysis

No.	Mean score	Mean score (Competitive	Pearson's Correlation
	(Performance)	strategies)	Coefficient
1	11	4.99	0.986
2	11	4.98	0.984
3	10	4.78	0.978
4	10	4.75	0.977
5	10	4.82	0.978
6	10	4.65	0.976
7	10	4.62	0.974
8	9	4.52	0.982
9	9	4.41	0.972
10	9	4.38	0.913
11	9	4.34	0.945
12	9	4.27	0.952
13	9	4.24	0.852
14	9	4.26	0.714
15	9	4.14	0.899
16	9	4.12	0.988
17	9	4.01	0.974
18	9	4.31	0.984
19	9	4.17	0.986
20	9	4.04	0.978
21	9	4.02	0.989
22	9	4.11	0.912
23	8	4.01	0.814
24	8	4.24	0.892
25	8	3.52	0.914
26	8	3.48	0.798
27	8	3.42	0.978
28	8	3.38	0.946
29	8	3.33	0.932
30	8	3.26	0.942
31	8	3.24	0.859
32	8	3.18	0.975
33	7	3.04	0.931
34	7	3.00	0.832
35	7	3.01	0.886
36	6	2. 58	0.847
37	6	2.24	0.983
Aggregate	8	3.98	0.930

*All correlation coefficients are significant at p<0.05

The findings revealed in Table 4.4 reveal that among each of the schools that participated in the study, there is a very strong positive relationship between performance and the competitive strategies adopted by the schools. The findings established that the average correlation coefficient for all the 37 schools is 0.930. This is an indication that there is a positive and significant relationship between performance and competitive strategies adopted by the schools. This implies that the greater the extent to which the schools adopt competitive strategies, the high the performance and the lesser the extent to which the schools adopt competitive schools adopt competitive strategies, the lower the performance.

4.5 Discussion of Findings

The study has revealed that the schools that adopt competitive strategies to a great extent achieve high mean scores in their KCSE examinations. This is a confirmation that the competitive strategies they pursue enable them gain competitive advantage among the other schools. This is line with the findings of Kotler (2003) who asserts that firms strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns or has the potential to earn a persistently higher rate of profits or any other production output.

It is also evident from the findings that the adoption of some specific strategies such as use of performance targets, benchmarking and use of rewards have a significant effect on the performance of the schools. This confirms that position maintained by Pearce and Robinson (1997) who argue that the strategy adopted by an organization in only beneficial if it enables the combined organisation profits to increase as well as increasing the strengths and opportunities and decrease the weaknesses and exposure to risk.

The study further reveals that there is a strong positive relationship between competitive strategies and the performance of the schools involved in this study. The schools that employed the competitive strategies to a great extent have high scores in their KCSE examinations. These findings agree with Powers and Hahn (2004) who established that firms employing a strategy perform better (in terms of return on assets) than ones stuck in the middle. The performance of cost leadership followers was significantly higher than that of stuck in the middle firms. However, other strategy followers could not gain significant performance advantage over the stuck in the middle group.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to establish the relationship between competitive strategies and the performance of public secondary schools in Nairobi County. This chapter presents the summary of findings, conclusion, recommendations and suggestions for further research in relation to this topic.

5.2 Summary of Findings

The study established that there are a number of competitive strategies that are adopted by public secondary schools in Nairobi County. The most common competitive strategy was found to be the utilisation of performance targets for teachers. It was clear that public secondary schools in the County give teachers performance targets to achieve as far as academic issues are concerned. The other competitive strategy commonly adopted by public secondary schools in the county is that of benchmarking for best practice in the education sector. The study established that public secondary schools in Nairobi County usually seek for best practice in the industry and try to emulate them. It was further clear that offering rewards to teachers and top performing students is one of the most prevalent competitive strategies among the public secondary schools in Nairobi County.

The findings also revealed that there are other strategies that are also adopted by public secondary schools in Nairobi County although not with the same magnitude as those aforementioned. One of these strategies is that of enforcing discipline among students; recruitment of highly skilled teachers; ensuring that students are engaged in frequent continuous assessment tests and having in place a clear vision that the school pursues. It was also clear that the schools use participative leadership as part of their competitive strategies.

The other competitive strategies used include installation of quality facilities such as laboratories and books and efficiency and effectiveness in school operations.

It was further clear from the findings that there is a strong positive relationship between competitive strategy and performance of the schools that participated in the study. It was confirmed that the schools that adopted competitive strategies to a great extent achieve high mean scores in their KCSE examinations and those adopting the competitive strategies to a lesser extent achieve poor grades in the exams.

5.3 Conclusion

Public secondary schools in Nairobi use a number of competitive strategies such as utilisation of performance targets for teachers; benchmarking for best practice in the education sector; offering rewards to teachers and top performing students; enforcing discipline among students; recruitment of highly skilled teachers; ensuring that students are engaged in frequent continuous assessment tests and having in place a clear vision that the school pursues. Others include installation of quality facilities such as laboratories and books and efficiency and effectiveness in school operations. There is a strong positive relationship between performance of the schools and the adoption of competitive strategies. Schools that adopt the strategies to a great extent achieve higher mean scores than those adopting the strategies to a lesser extent.

5.4 Recommendations

It is clear from the study that utilisation of performance targets for teachers; benchmarking for best practice in the education sector and offering rewards to teachers and top performing students are the commonly used competitive strategies by public secondary schools in Nairobi County. The schools should put more effort in implementation of these strategies since they have a strong positive correlation with performance. It was evident from the findings that there is a strong positive relationship between performance of the schools and adoption of competitive strategies. The schools should be urged to adopt the competitive strategies in order to enhance their performance.

5.5 Study Limitations

This study focused on public secondary schools in Nairobi County hence the results may not apply to private secondary schools in the County. There may be need to carry out a similar study among the private schools.

Obtaining mean score results directly from the schools was a challenge. The researcher had to rely on secondary sources of this information and therefore the results are based on the secondary information which the researcher believes was authentic since there wasn't enough time to authenticate the same from Kenya National examinations council.

5.6 Suggestions for further Research

A study needs to be carried out to establish why extra tuition does not seem to enhance the performance of public secondary schools in Nairobi County.

This study should be carried out in form of a country wide survey that will include all the other counties in order to provide a countrywide view of the problem.

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APPENDICES

Appendix i : Research Questionnaire

Section A. Background Information.

- 1. How many teachers do you have in this school?
- a) 1-10 teachers
- b) 11-20 teachers
- c) 21-30 teachers
- d) More than 30 teachers
- 2. What is the school's student population?
- a) 1-500 students
- b) 501-1000 students
- c) Above 1000
- 3. What was your school's mean in 2011, 2012 and 2013?

	Mean	А	A-	B+	В	B-	C+	C	C-	D+	D	D-	E	Total
2011														
2012														
2013														

Section B: Competitive strategies

Kindly indicate the extent to which your school uses the following as competitive strategies that are adopted by your school.

Use the following scale: 1=not at all 2= less extent 3= moderate extent 4=great extent 5=Very great extent

No.	Strategy	1	2	3	4	5
1	Efficiency and effectiveness in school operations					
2	Differentiation of services from those offered by other schools					
3	Adoption of low cost education					
4	Recruitment of highly skilled teachers					
5	Dedicating extra time towards tuition					
6	Frequent continuous assessment tests					
7	Use of performance targets for teachers					
8	Quality facilities (lab equipment and books)					

9	Having in place and pursuing a clear vision			
10	Diversification in terms of subjects offered by the school			
11	Admission of best students in KCPE			
12	Consistency in quality of education			
13	Benchmarking with best practices in the education industry			
14	Offering rewards to teachers and top performers			
15	Using participative leadership			
16	Encouraging innovative ways of teaching			
17	Enforcing discipline among students			

Appendix ii :List of schools

1.Precious Blood Riruta-Girls Boarding 2.Kamiti Secondary School-Mixed School 3.Moi Forces Academy-Nairobi-Boys Boarding 4.St. George's Girls Secondary-Girls Boarding 5.Ngara Girls High School-Girls Boarding 6.Dagoretti High-Boys Boarding 7.Nembu Girls High-Girls Boarding 8. Pumwani Secondary-Boys Boarding 9.Parklands Arya Girls High-Girls Day 10.Ndururuno Secondary-Mixed school 11. Highway secondary-Boys Day 12.Huruma Girls' High-Girls Day 13. Maina Wanjigi Secondary-Mixed School 14. The Komarock-Mixed School 15.Jamhuri High-Boys Day 16. Our Lady Of Fatima Secondary-Mixed School 17.Langata High-Boys Boarding 18.Kahawa Garrison Secondary-Mixed School 19. Dandora Secondary-Mixed School 20. Ruaraka High-Mixed School 21.Lavington Mixed Secondary-Mixed School 22.St.George Athi Secondary-Mixed School 23.kayole South Secondary school-Mixed School 25.St. Anne's Girls' Secondary-Girls Day 26.Jehova Jire Secondary School-Mixed School 27. Ruthimitu Secondary-Mixed School 28.Kamukunji Secondary-Mixed School 29. Murang'a road Mixed Day Secondary-Mixed School 30.Peter Kibukosya Secondary-Mixed School 31. Highridge Mixed Secondary-Mixed School 32.Mutuini High-Mixed School 33.Hon. Dr. Mwenje Secondary-Mixed School 34. Raila Educational Centre-Mixed School 35.Karen 'C' Secondary-Mixed School 36.Dagoretti Mixed Secondary-Mixed School 37.Langata Barracks Secondary-Mixed School 38. Makongeni High-Mixed School 39.St. George Athi Secondary-Mixed School 40.Baba Dogo Secondary-Mixed School 41.Drumvale Secondary-Mixed School 42. Ushirika Secondary-Mixed School 43.St Patrick Nairobi Mixed School 44.Mwangaza Secondary-Mixed School 45.Olympic High-Mixed School