COMPETITIVE STRATEGIES ADOPTED BY THE KENYA INSTITUTE OF MANAGEMENT TO COPE WITH THE CHALLENGES OF COMPETITION IN THE HIGHER EDUCATION SECTOR IN KENYA

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DECLARATION

DECLARATION BY THE CANDIDATE

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

Signed…………………………………………..Date…………………………………

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D61/P/7224/2006

DECLARATION BY THE SUPERVISOR

This management research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

To the Almighty God who has seen me through this far and continues to be with me in my life’s journey.

To Professor Martin Ogutu who has patiently and wisely guided me from beginning to the end of this research project.

To my parents Fredrick O. Lelo and Phoebe Olelo who never gave up on me and who are always there with unwavering support in all aspects of my life.

To my siblings Kelly, Angela and Chase thank you for your support and encouragement. To Jesse thank you for not letting me lose sight of the goal.

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I would like to appreciate my entire family for the moral support they have given me. My sincere gratitude to my colleagues and friends who understood the demanding nature of the project and offered their assistance whenever they could.

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ABSTRACT

The environment within which many businesses operate in the modern world is characterized by rapid changes within the internal and external environment with competition emerging to be one of the toughest challenges any business has to deal with. Competition comes in several forms but the basic underlying factor is that the competitors in any market are out to make profits through gaining market share and maintaining customer loyalty. Businesses must come up with dynamic and effective ways to ensure they stay afloat. Any typical business oriented organization is always either fighting for its market share or growing its market share. It is in the process of fighting for and/or growing the market share that a business faces challenges and seeks to have in place competitive strategies that would assure success within its market. This study set out to address two main objectives which were to determine the challenges of competition and to determine the competitive strategies adopted by The Kenya Institute of Management to address these challenges. The study took the form of a case study in which five senior managers who are responsible for strategy development and implementation were interviewed and their responses analyzed through content analysis. The study thus identified several challenges of competition including intense rivalry resulting from several competitors within the market, customer price sensitivity, financial constraints, legal challenges and product imitation amongst others. The study found that The Kenya Institute of Management had in place differentiation, product development and market development as their main competitive strategies. The findings of this study this study contribute to theory and knowledge by underlining the importance understanding the need to be aware of the competitive environment. This study can also be of great interest to managers in the higher education sector because it underscores the need for managers to understand their competitive environment so as to enable them develop and implement timely and appropriate competitive strategies that will ensure their survival within the industry. The study concluded that for an organization to survive in fiercely competitive environment, it must adapt dynamic competitive strategies suited to the prevailing market conditions in order for it to remain afloat.

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ACCRONYMS

KIM……………………………The Kenya Institute of Management

RBV……………………………Resource Based View

IHRM ………………………….Institute of Human Resource Managers

ACCA………………………….Association of Chartered Certified Accountants

KASNEB………………………Kenya Accountants and Secretaries National Examination Board

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

All businesses and organizations operate in a changing world and are subject to forces which are more powerful than they are and which are beyond their control. Competition is one such force (Lynch, 2000). In any given environment, we have firms competing for the same customers and the challenge that falls upon all competing organizations is to create and sustain a competitive advantage over the other players in the industry. Therefore in order to be successful, organizations must be strategically aware by fully grasping and managing changes in their competitive environment. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers (Ansoff, 2000).

Competitive advantage is the key to a firm's profitability and survival. Competing in the market place with a competitive advantage tends to be more profitable than with no advantage (Thompson et al., 2007). Different theories exist as to how a firm can achieve and sustain its competitive advantage. A firm is said to have competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors (Barney, 1991) and when it is able to create more economic value than the other firms (Barney, 2007).This forms the premise for the resource based view and the distinctive competence theory of competitive advantage which theorize that it is the firm's possession of resources that often cannot be easily imitated that gives it a competitive advantage over the others.

The Kenya Institute of Management opened the doors to its first college in 1966 in Kericho and has since grown into a strong twenty branch network of colleges across the country. In recent times changes in the operating environment ranging from technology, legislation, political, industry regulations etc. have resulted in the entry of several players into the higher education market. It has become increasingly challenging for the institute to retain its market share and remain relevant. The institute therefore needs strategies that will ensure that it continues to be a successful entity with a competitive advantage over the other players failure to which could mean bowing out of the higher education industry.

1.1.1 Competitive Strategies

Competitive strategy is concerned with the basis on which a business unit might achieve competitive advantage in its market (Johnson et al, 2006). Managers must know what the Organizational goals are so that they can formulate competitive strategies that will lead to the attainment of the goals. According to Porter (1998), there are three generic strategies that a firm can use to achieve competitive advantage.

The firm can be a low cost provider where it leverages on its internal efficiencies and economies of scale to minimize costs but still maintain the same standards as those of its competitors. Product differentiation is where the firm provides a product or service that is different from the other competitors while at the same time holding value for the buyers.

The third strategy is where the firm focuses on a niche market and uses its expertise to deliver high quality products at a premium price.

1.1.2 Challenges of Competition

For any given market with several competitors, a firm is bound to encounter challenges in its analysis and reactions to its competitive environment. The challenge of correctly identifying its competitors manifests itself in the forms of over emphasizing the current or large competitors or ignoring the smaller ones or potential entrants, overlooking potential international competitors, and assuming that the competitors will continue their operations in the same way.

The firm may face challenges in overcoming some entry barriers, powerful suppliers may increase their prices or lower the quality of raw materials thus adversely affecting the prices and quality of goods, buyers can push down prices thus reducing profit margins and the industry rivalry may be too intense such that the firm may find itself edged out of the market. There are those factors beyond the control of the firm or any other industry player that will represent challenges to its competitiveness for example economic factors such as high interest rates and inflation levels, political, regulatory and legal environment within which the firm operates and social factors involving the beliefs, attitudes and values of the individuals .

1.1.3 Higher Education Sector in Kenya

The higher education sector in Kenya comprises of Universities, polytechnics, technical and middle level commercial colleges offering courses leading to the award of academic and professional qualifications that include degrees, diplomas, higher diplomas and certificates with the areas of study covered being diverse cutting across all fields of expertise examples including Accountancy, Engineering, Management, Hospitality and Zoology. Since Kenya's independence up to the mid 1990's, the heavy hitters within the higher education sector were the public universities, the polytechnics and a few technical based colleges of which most were partially or wholly funded by the government. Commercial privately owned colleges and universities were few and far in between. As the time progressed, the demand for post-secondary school education increased and it became apparent that the existing institutions were not enough to meet the demand therefore the government begun to encourage and license privately run colleges to meet the shortfall.

Over the last fifteen to twenty years the higher education sector has experienced several transformations that have revolutionized the industry in Kenya. Several privately run commercial colleges have since been mushrooming at a high rate. No official statistics have been published on the number of middle level colleges operating in Kenya but in 1990 it was estimated that there were 160 privately run middle level colleges in Kenya. The Kenya Education Directory lists a total of 1,064 middle level colleges as at 2012, with 222 of them being government sponsored institutions and 822 being privately commercially run organizations. There is an increasing rate of new entrants into the market a fact that means that both the existing players and the new entrants are required to increasingly focus on developing and implementing strategies to ensure they out do the competition.

The government directive in the mid 1990's that required public entities to generate their own revenue meant that public universities had to enter the higher education open market and compete directly for market share with the private commercial colleges and universities. Both public and private universities are now offering academic services that were traditionally only offered by commercial colleges. Polytechnics no longer exist as they have been converted to constituent universities while technical colleges have faced inevitable shut downs because demand is now geared toward degrees and professional diplomas and certificates.

The world has become a global village as a result of the technological advances in the area of internet communication and connectivity such that it is now possible to earn a degree or diploma from foreign accredited universities through E learning. Therefore not only do Kenyan commercial colleges have to strategize to maintain competitive advantage over the local players, they also have to contend with the online presence of great international colleges and universities in their own back yard. Commercial colleges have to keep abreast with what is happening in order to stay afloat.

1.1.4 The Kenya Institute of Management

The Kenya Institute of Management is a not for profit, membership based organization established in 1954 as an organization meant to bring together professionals in management across different industries and consolidate their wide range of knowledge and skills under one forum with the aim of enhancing management knowledge and practice in both the public and private sector.The institute is led by a Council and members participate in the management of the institute through the Council and its Committees with the advice from the Board of Fellows. KIM seeks to make an effective contribution to the development of management and prides itself on promoting excellence and integrity in management practices (KIM online, 2014).

The institute has three major product lines namely The Membership, Research, Training and Consulting Division, The Management Magazine and the oldest division The School of Management. It is under the School of Management that the Institute offers Certificate and Diploma Courses that have been accredited by the Commission for Higher Education. The courses offered by the School of Management include Business Management, Human Resource Management, Public Relations Management, Purchasing & Supplies Management, Project Management and Marketing Management. In addition to this the Institute offers Certificate and Bridging Courses for Pre University Students. Being one of the pioneer colleges in Kenya, KIM identified a market niche that was not being served and became one of the first colleges to offer specialized training in management at a Diploma level. This gave the Institute first mover advantage that saw it grow to a strong twenty branch network over time.

The target market for the college was the professional who was already working and needed to enhance their skills, experience and university degree with a solid training in management based professional courses. However the student demographics are not restricted to the working professional only as the institute also accepts students who have completed their Kenya Certificate of Secondary Education and are looking to build a career in management. On average the institute graduates an estimated 4,000 candidates annually. KIM is affiliated to the Management University of Africa and the two have a partnership whereby graduates from KIM are granted special exemptions in the Management University of Africa Undergraduate Degree Course Syllabus.

The upheavals that resulted from the economic liberalization and structural adjustments in the early 1990s affected the performance of institutions that were operating within the Kenyan public sector and the organizations that were operating within the higher education sector were not spared. KIM started to experience difficult times resulting from increased competition that saw its market share get eroded by the new entrants into the market. Indeed the institute has had to reposition itself and realign its strategies to help it cope with the volatile external environment. The process has not been smooth sailing and the KIM management has experienced several challenges with regard to monitoring, anticipating and reacting to its environment as well as setting responsive strategies.

1.2 Research Problem

A company's competitive strategy deals exclusively with the specifics of management's game plan for competing successfully (Thompson et al, 2008).Competitive strategies enable a company develop products and services that are perceived to be of superior value than those of rivals and if well planned and executed can help a company achieve sustainable competitive advantage over other players in the industry. Management must ensure that the company maintains a successful and defensible position that arises out of timely and correct implementation of sound competitive strategies and it is therefore up to them to deeply understand its operating environment and to ensure it delivers superior value to its customers. Competitive strategies are important because they enable the company stay ahead of the rest by giving it a unique advantage that cannot be easily be imitated by the competitors. They also help a company define its target market which it can then focus on and deliver superior value to the targeted segment.

The Kenya Institute of Management has been in operation for over six decades. The environment that existed six decades ago is certainly not the same one that exists today. The higher education sector is now characterized by cut throat competition with a large number of industry players all competing for the same customers. The high number of industry players has resulted in a shrinking market share for the Institute and in order to guarantee its continued survival and relevance in the current market, the institute has adopted competitive strategies to ensure that it protects and grows its market share.

Several studies on competitive strategies have been undertaken both on case study and industry wide basis. A few identified include Racho (2011) who explored the competitive strategies adopted by private secondary schools in Mombasa County, Angwech (2012) studied the competitive strategies adopted by Coca Cola, Shema (2012) carried out a research on the competitive strategies adopted by Institutions of Higher Learning in Rwanda. To the best of my knowledge there has been no study undertaken to give an in-depth insight into the competitive strategies adopted by The Kenya Institute of Management in response to the increasing competition. The institute is currently experiencing a decrease in market share due to the high number of competitors within the sector and it is its fight to remain competitive that has prompted this research which shall seek to answer the two questions what are the challenges of competition faced by KIM? And which competitive strategies does the Institute have in place to cope with these challenges?

1.3 Objectives of the Study

This study aims to achieve the following objectives:

i. To determine the challenges of competition faced by The Kenya Institute of Management in the Higher Education Sector.

ii. To establish the Competitive Strategies adopted by The Kenya Institute of Management to cope with the challenges of competition in the Higher Education Sector.

1.4 Value of the Study

The Higher Education sector is currently a fiercely competitive sector that has witnessed exponential growth in the past twenty or so years. This study will highlight the specific competitive strategies adopted by The Kenya Institute of Management that has survived since the times of a relatively stable industry environment up to now when the industry is going through dynamic changes and upheavals. This is intended to be a valuable source of information for competitive strategy that can be used by other colleges or similar organizations to drive their own strategies.

This study is intended to be a reference point on how colleges in the higher education sector can respond to the challenges of competition as well as adopt the appropriate competitive strategies to ensure that they stay afloat. This will go a long way in ensuring other players do not reinvent the wheel but instead focus on how to develop new and more effective strategies to meet the challenges that arise out of competition. Further studies can be undertaken on an industry wide basis to determine a comprehensive set of responses to challenges by the other industry players.

The Higher Education sector is still undergoing the process of policy formulation and revision with the influx of so many colleges into the sector, some players in the industry may be tempted to cut corners in the delivery of education services with aim of remaining competitive. This study can be used to inform the policy makers in setting industry standards by which competition can be carried out so as to ensure consumers are not short changed in the quality of service delivered.

The Kenya Institute of Management is currently implementing its 2012-2016 strategic plan and the time to start planning the next five year strategy is about to arrive. This is a timely study that will provide an independent analysis and insight into its existing competitive strategies and will inform further strategic decisions that will ensure that the institute remains a competitive player within the Higher Education Sector.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of literature relevant to the study including the theoretical framework upon which competitive advantage can be achieved, the concept of strategy, industry competition, the challenges that organizations face due to competition and competitive strategies.

2.2 Theoretical Foundation

This study is based on the Distinctive Competence Theory and the Resource Based View of the firm which are founded on the principles that the competitive success of a firm is attributable to its unique internal resources and distinctive capabilities. According to Barney (2007) proponents of The Distinctive Competence Theory Authors Shaw, Copeland, Smith and Learned argued that General Managers were the individuals in an organization who had the responsibility for analyzing the firm's environment, understanding the firm's strengths and weaknesses and choosing strategies to maximize value. Selznick (1957) went further to add that Institutional Leaders help create an organization's Vision and organize a firm's Structure to reflect this Vision. The combination of Vision and Structure is what helps define a firm's distinctive competencies. Distinctive competence represents a level of proficiency that rivals do not have (Thompson et al, 2005).

A firm's strategic plan lays down the organizational vision mission and structure drafted by top management and that reflects the strategic direction of the organization. The organizational structure is designed to enable a firm develop a distinct competitive advantage in line overall mission and vision for the company. The managers within the structure must be aware of the firm's key strengths and weaknesses, carry out an analysis of environments and work to develop competitive strategies will enable the firm gain competitive advantage in its operating environment.

The second theory is The Resource Based View which is a method of analyzing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization (Pearce et al, 2008).RBV is anchored on the opinion that competitive advantages can be found in several of the various resources and capabilities that a firm controls. According to Barney (1991) for a resource to be a basis of competitive advantage, it must enable the firm respond to environmental threats and/or opportunities in a manner that gains advantage or protects the firm. The caliber of a firm's resource strengths and competitive capabilities, along with its ability to mobilize them in the pursuit of competitive advantage, are big determinants of how well a company will perform in the market place (Thompson et al, 2005). Resources are considered to include the physical and financial assets as well as the employees' skills and organizational processes and are deemed to be valuable, heterogeneous, immobile and non-substitutable.

If the competitive strategic direction adopted by an organization is RBV based, it means that the firm must identify and evaluate its resources to find those that provide competitive advantage (Pearce et al, 2008) and then leverage these internal resources and capabilities to achieve competitive advantage. A firm's competitiveness is derived from the resources and capabilities which it holds. According to Barney (2007), in order to realize its full potential, a firm must be organized to exploit its resources and capabilities. The success of the competitive strategies adopted by a firm shall be determined by how well it mobilizes its resource strengths and capabilities towards achieving competitive advantage. The resources and capabilities, owned by the firm, must be organized, and combined properly, so that they can acquire competitive value, and thus help the firm achieve high performance levels (Newbert, 2008).

2.3 Concept of Strategy

Strategy is a management's action plan for running the business and conducting operations and it consists of the competitive moves that managers are employing to grow the business, attract and please customers, compete successfully, conduct operations and achieve targeted levels of organizational performance (Thompson et al, 2007). A good strategy is one that is well matched to the firm's internal and external environment and one that strengthens a firm's competitive position.

Strategy typically consists of three levels i.e. corporate, business and functional levels. At the corporate level, top level managers develop overall long term plans or goals. Business level strategic managers determine how the firm will compete in the selected product-market arena (Pearce and Robinson, 2007). Business strategy concerns the actions and the approaches crafted to produce successful performance in one specific line of business (Thompson et al, 2005). It is at this level at which the responsibility of defining a firm's competitiveness lies. At the third level the unit managers develop short term objectives based on their functional areas of operations in which they have direct control. A firm's strategy is developed, crafted and executed through the strategic management process that consists of five major stages as shown in Figure 2.1 below.

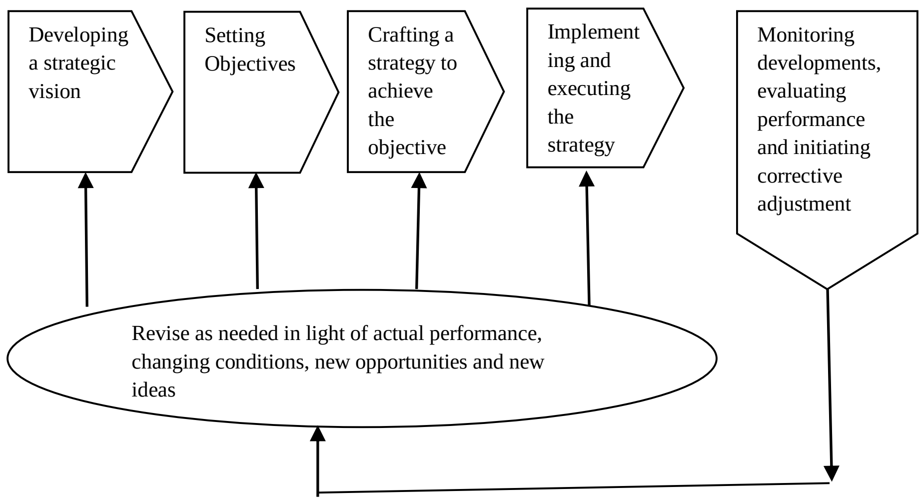

Figure 2.1 The Strategic Management Process. Source: Gamble and Thompson 2007 p.14

2.4 Industry Competition

Porter (1998) set forth a framework through which industry competition is perceived. In any given industry there are five forces at work that jointly determine the intensity of competition within an industry. The strongest of the five competitive forces is nearly always the market maneuvering and jockeying for buyer patronage that goes on among rival sellers of a product or service (Thompson et al, 2004).An industry with intense rivalry is usually characterized by numerous competitors of roughly equal size and strength, slow industry growth rate, low product differentiation levels, high fixed costs and high exit barriers.

Barriers to entry refer to how difficult it is for new firms to enter into the industry. New entrants to and industry bring new capacity, the desire to gain market share and often substantial resources (Pearce and Robinson, 2007). The level of ease or difficulty of entry depends on the economies of scale, level of product differentiation within the industry, initial capital requirements, access to distribution channels and government regulations. Buyers and suppliers can also have a strong and forceful impact on the bottom lines of firms within an industry. Powerful suppliers can collectively either increase the prices of the good supplied or reduce the quality of the raw materials. Powerful buyers on the other hand can force a reduction in prices and demand higher quality products and services. The power of existing customers is much weaker for firms who supply goods or services on a one off basis (Cole, 2005).

All firms within an industry compete with firms producing the substitute goods and services (Thompson et al, 2005) .Pressure from substitute products that perform the same functions as the industry products could force the firm to become more innovative. Market indicators of competitive strength of substitute products are: whether the sales of the substitutes are higher than those of the industry, whether producers have to add new capacity and whether the profits of the producers of substitutes are on the rise.

2.5 Challenges of Competition

Private higher education is perhaps the fastest-growing segment of postsecondary education worldwide (Altbach, 1999). High number of industry players means that companies will increase their market shares at the expense of their competitors (Kahener, 1997). The higher the number of institutions that fight for student enrolment, the smaller the market share per player, the fiercer the competition is. Given the high number of players, it is challenging for an organization to set its prices above the competitors. In such scenarios, the organization is faced with the option of absorbing a higher percentage of production costs or risk losing customers to the competition by charging higher prices. Either way the profits are eroded. The financial costs of fighting for and retaining market share are high and financial constraints may make it difficult for the firm to allocate resources to compete effectively. Firms that are in a strong financial position can be more responsive to new opportunities and threats and are under less pressure from stakeholders than their competitors who suffer financial constraints (Harrison, 2003).

Retaining customers in the face of a firm's competitor's lower priced products is difficult especially where customers are price sensitive and not likely to incur switching costs. The less expensive it is for buyers to switch their purchases from one brand to another, the easier it is for sellers to steal customers away from rivals (Thompson et al, 2007). According to Pierce and Robinson (1997) well informed buyers are likely to shop for favorable prices and are sure they can always find alternative suppliers to provide the same goods or services. Lack of a comprehensive regulatory framework within the Kenyan higher education sector leaves the door open to unregistered colleges offering lower quality products often at lower cost.

Consumer preferences and demographics are constantly evolving; a firm's competitiveness is determined by how effectively and quickly it rolls out products to meet the changing customer needs. Shifting societal concerns, attitudes and lifestyles alter the pattern of competition (Thompson et al, 2004). A company must have quick reaction time and be flexible enough to be in sync with its market competitive reality and must remain ahead of its rivals. Managers must adopt a new mindset that values flexibility, speed, innovation, integration and the challenges that evolve from changing conditions (Hitt et al, 2007).A firm that makes assumptions on its target customer preferences is more likely to lose its market share to rivals who are better informed and innovative.

In order to achieve a sustainable competitive advantage the firm must provide an offering which the customers perceive offers a greater net-value than the offerings of the competitors (Ravald and Gronroos, 1996). The institute is in competition against rivals who are perceived to offer superior value products. Managers face the uphill task of not only creating greater value within their products but also communicating this value to a market with already set perceptions.

High mobility of faculty could affect the quality of education offered within the institutions (Altbach, 1999). The staff often move to the competitors and carry with them part of the student base and/or the firm's critical strategies and internal knowledge thereby exposing the firm to the risk of product or process imitation. The more formal and systematic the system of knowledge, the greater is the danger of imitation and therefore less valuable the knowledge becomes in competitive strategy terms (Johnson et al, 2006).

There is increasing competition from overseas firms as international trade barriers are gradually lowered and worldwide communications improve (Cole, 2005).International colleges are setting up shop in Kenya, students seek to undertake their studies in foreign countries and E-learning has completely revolutionized education delivery. Challenges arise because according to Hitt et al (2007) organizations are expected to compete at higher levels of performance standards in terms of product quality, product cost and overall operational efficiency. Customers would rather purchase from a global competitor rather than a domestic firm if the global company's goods or service is superior.

2.6 Competitive Strategies

A firm's competitive strategy seeks to answer the question of how the business shall achieve competitive advantage in its market (Hitt, et al, 2007). According to Porter (1998), there are three generic strategies that a firm can use to gain advantage over its competitors: Low cost leadership, Differentiation and Focus. Low cost leadership is geared towards the broader mass market where the firm gives value to its target customers through lower priced products. A low cost leader is able to use its cost advantage to charge lower prices or to enjoy higher profits (Pearce and Robinson, 2007).Low cost leadership is achieved through emphasis on perfecting the value chain in ways that are difficult for rivals to imitate. According to Porter (1998), sources of low cost advantage are economies of scale, proprietary technology and preferential access to raw material among others.

Through the differentiation strategy, the firm produces non standardized products for customers who value differentiated features more than they value cost (Hitt, et al, 2007). The firm that opts for differentiation strategy targets a wider market and seeks to be unique in its industry along some dimensions that are valued by buyers (Porter, 1998). The firm strives to be different based on product features, performance or other factors not related to cost or price. The differentiation achieved aims to create brand loyalty in customers thereby making them price insensitive and consequently giving the firm the option of increasing the pricing of its products and also enabling it increase its market share.

The third generic strategy is focus where the focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others (Porter, 1998). Focus strategy can either be cost focus or differentiation focus. This strategy is valued by those who believe that a company or a unit that focuses its efforts is better able to serve the special needs of a narrow strategic target more effectively than can its competition (Wheelen and Hunger 2008).

International management consultants Michael Tracy and Fred Weirsema propose an alternative approach to generic strategy that they call value discipline (Pierce et al, 2008).The strategies center on operational excellence where the firm provides customers with convenient reliable leading edge products and services that make rival goods obsolete. Long term plans also form a basis for a firm’s competitive strategies. According to Pearce et al (2008) long term plans are grand strategies and they provide the basic direction for major actions directed towards achieving long term business strategies. There are fifteen grand strategies available to a firm and of particular interest to this study are concentrated growth, market development, product development and strategic alliances.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a collective term for the structured process of conducting research (Kothari, 2004). This chapter outlines the structure within which the research was conducted in order to answer the research question. It includes the research design, data collection and the data analysis techniques used.

3.2 Research Design

This research was a case study. A case study is an in-depth investigation of an individual, group, institution or phenomenon (Mugenda and Mugenda, 2003).A case study examines data within the context of its use and within the situation that the activities take place.

A case study was relevant as it allowed collection of in-depth and detailed data from the unit of focus from which conclusions were drawn. The study undertook a thorough investigation into the challenges faced by KIM in coping with competition and the strategies adopted by the institute to cope with these challenges.

3.3 Data Collection

The data is qualitative in nature and was collected through primary and secondary methods. Primary data are those which are collected afresh and for the first time and thus happen to be original in character (Kothari, 2004). Secondary data are gathered and recorded by someone else prior to (and for purposes other than) the current project (Zikmund et al, 2010).

Data collected through primary method was collected through an interview guide with unstructured questions. The researcher interviewed five top level managers across different functionalities at KIM who were charged with the responsibility of developing strategies aimed at ensuring the institute remains competitive. Secondary data was collected from KIM internal documents including the strategic plan, internal research previously done etc.

3.4 Data Analysis

The data collected being qualitative in nature was analyzed through content analysis. The Content analysis technique assists in making inference by systematically and objectively identifying specific characteristics of messages and relating them with their occurrence trend (Mugenda and Mugenda, 2003). It consists of analyzing the contents of documentary material such as books, magazines, newspapers and the contents of all other verbal materials which can either be spoken or verbal (Kothari,2004). Content analysis can be used as a tool for handling open ended questions as it measures the semantic content of a message (Cooper and Schindler, 2003).

Content analysis has successfully been used as an effective technique for qualitative data analysis by researchers such as Muhura (2012), Ngumo (2012), Momanyi (2010), therefore was effective for use in this case because it presents a similar framework of analysis of the relationships between the data collected.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

The study sought to investigate the challenges of competition and the strategies adopted by The Kenya Institute of Management to cope with the competition in the Higher Education sector. This chapter presents the qualitative data collected in line with the objectives of the study and will focus on analysis of the primary data collected from five top managers who are charged with the responsibility of strategy development and giving direction on the implementation of the same. Findings are based on the responses obtained from the interviewees.

4.2 General Information

The study sought to establish how long the interviewees have been employed by the Kenya Institute of Management so as to determine how experienced they are in matters pertaining to the institute. It was observed that the persons interviewed had served the institute for a period ranging from five years to eleven years. The interviewees then were asked for information on their position within the institute to establish their level of involvement and role in steering the strategic planning and implementation process.

The distinctive competence theory stipulates that managers have the responsibility of analyzing the firm's environment, choosing and executing the best strategies to effectively compete. Based on this notion, five key senior managers across different functionalities were selected to give information regarding the subject matter. With their high level of experience within the institute ranging from six to ten years, they are considered to have gathered substantial information in their work experience and their responses are considered to be a learned reflection of the competitive environment

4.3 Challenges of Competition

This section of the study sought to identify the major challenges faced by The Kenya Institute of Management as a result of competition within the Higher education sector. First the study sought to establish who the main competitors of the institute are and these were identified as both public and private universities as well as middle level colleges offering management courses.

Interviewees were then asked which challenges they have experienced as a result of how the institute prices its services. Interviewees indicated that the customers of the institute are very price sensitive and any increase in price of the courses offered could result in loss of students. This was evident in January of 2014 when the institute increased the fee for its diploma courses which resulted in a general decline of the number of students enrolled following the fee increase. Similarly the interviewees noted that the institute was losing students to colleges offering the similar courses at a cheaper cost adding that the institute's fee charges are slightly higher than those of the competitors.

In terms of product quality all the interviewees concurred that courses offered by The Kenya Institute of Management are superior in quality as compared to those of competitors. Due to this superiority, the courses are prone to imitation by the competitors who steal and repackage them and then offer the courses in a substandard manner. On the other hand it came out that the quality of the courses offered are too high whereby students are subjected to rigorous training and testing. Therefore students who want an easier way out opt for the competition who are not so stringent on their course requirements.

When asked which challenges were faced with regard to retaining the institute's customer base, all interviewees alluded to the premise that it is difficult to maintain the level of student numbers. Reasons given to validate this stance included perceived higher cost of the courses offered by the institute and the ever increasing number of competitors entering the market and offering cheaper courses. The interviewees also noted that students are increasingly demanding a clear progression path whereby one can start at the lowest diploma level and graduate with a degree or PhD either within the same or a different college .Currently the progression path at The Kenya Institute of Management is limited (no degree courses offered) and it is difficult for the students with the institute's diploma to get exemptions from main stream universities. Students therefore opt for institutions where they have a clear and non-complicated progression path.

The interviewees unanimously agreed that the institute had not fully embraced and exploited the opportunities that come about with advancements in communication technology and e based learning. They noted that there are competitors who have advanced internet platforms thus enabling them to tap into the international markets, an opportunity that the institute was missing out on. One interviewee however noted that even if other colleges were far more advanced technologically, online degrees and diplomas are still generally considered to be inferior thus the interviewee felt that this was not a major challenge at the moment.

Globalization has brought competition right to the doorstep of the local industry players. Interviewees indicated that international colleges and universities from all over the world are clamoring for the Kenyan market. They cited several colleges and universities from as far as United Kingdom and the United States of America that have come to pitch camp and actively look for students within the Kenyan market. It was noted that students are showing a preference for international courses as it gives them worldwide recognition as opposed to the local diplomas that are not internationally recognized.

The study also sought to find out how the financial capacity of The Kenya Institute of Management affects how it competes within the market. The interviewees stated that substantial investment is required for the institute to be able to authoritatively stamp its presence in the market. The institute must invest sufficient resources into marketing itself. However financial constraints have restricted how well the institute carries out its marketing campaign. Indeed as one interviewee puts it 'Financial capacity if limited cripples the competing activities of the institute. If we cannot compete on an equal basis with competitors then we are irrelevant'. Interviewees also stated that investments are required for physical facilities such as a campus, motor vehicles etc. Potential students are attracted to institutions that have in place a solid infrastructure. The Kenya Institute of Management being a membership based institution with no share capital to fall back on to raise additional funding faces challenges in making such heavy investments hence affecting its competitiveness within the market.

The interviewees all agree that The Kenya Institute of Management courses do meet the customer and market requirements. According to the interviewees the institute has received endorsements from several employers with regard to the high quality of graduates it churns out who are described as well prepared for the job market. The interviewees also indicated that the institute's courses are unique and address the current management practices gap that is left by other institutions. The course content in all the courses offered are industry oriented such that research is thoroughly done and a curriculum developed based on practical industry demands and this is the reason why employers have confidence in the institute's graduates.

When asked whether The Kenya Institute of Management is an industry leader or follower in terms of responding to market needs, the interviewer received varied answers from the interviewees. Some were of the opinion that to some extent the institute is an industry leader because it always develops new courses designed to meet the market needs (this is especially with regard to certification courses).However the interviewees stated that the competitors then copy the courses and outsmart the institute with the imitations. Indeed the interviewees quoted a well-known business school that copied a course curriculum directly from the institute and now is running the course as a successful product. The interviewees who indicated that the institute was not an industry leader felt that the institute takes too long to develop new ideas especially with diploma courses. They noted that the institute struggles to meet and keep up with the changing needs of the customer.

On the question of competing in the same market as other institutions offering higher level qualifications, interviewees stated that this poses a major challenge as institutions that offer degrees often target the same market as the institute. Universities in general present a convincing case to potential students as in the current employment market, nobody wants to be called a diploma holder. Most diploma students see the course as a stepping stone to a higher qualification or as a backup support for the degree. The diploma is regarded as a second or even third option and rarely do students view it as a final qualification that can stand on its own. This is driven by the fact that most employers require a degree holder at the minimum. Some interviewees also noted that most institutions offering higher level qualifications have government funding and support hence they have a lot more resources at their disposal.

The regulatory framework that governs the Higher Education sector is shaky and is currently undergoing several changes with new laws being developed to address the gaps identified within the industry. According to the interviewees some of these new regulations are creating an uneven playing field with some players being given undue advantage over others. Interviewees cited the newly passed law that requires all Human Resource practitioners to be examined and registered by the Institute of Human Resource Managers. Any Human Resource practitioner who has not been examined and registered by IHRM is not recognized as a legitimate practitioner. This has effectively killed the Diploma in Human Resources that was being offered by The Kenya Institute of Management. Indeed the Institute is considering pulling the Human Resource diploma from its course offering. A similar law that will also affect its Purchasing and Supplies diploma is also currently being developed.

The interviewees also noted that the overall regulatory framework is still quite weak and this has led to the proliferation of colleges whose quality is wanting. The regulators are not keen on enforcing rules that ensure high quality course content and delivery.

Other challenges cited by the interviewees with regard to competition include low entry barrier whereby is relatively easy for colleges to get registered and begin operations; moonlighting by faculty staff who teach in more than one college at the same time and who in some cases compromise their quality of service delivery due to heavy workload. The interviewees also indicated that the current student population especially of high school leavers are an ‘instant generation’ who want the fastest way in and out yet the Kenya Institute of Management Diploma can take up to three years. The competitors have compressed their diplomas down to one and two years while the institute has retained its three year period so as not to compromise on quality. The other major challenge identified by the interviewees is the uncertainty of the institute’s legal standing which is rather shaky as it operates under a legal notice that can be withdrawn at any time. The institute is not registered as a training institution under the ministry of Education and is instead registered as a limited company under the Company’s Act.

4.4 Competitive Strategies

The second objective of this study was to establish the competitive strategies that The Kenya Institute of Management has put in place to cope with the challenges of competition within the higher education sector. Interviewees were first asked to mention the factors that they believe attract students the institute. The main purpose of this question was to establish the overall strong points of the institute that it uses to position itself within its industry. The interviewees indicated that the wide acceptability of the institute's courses within the Kenyan market gives it an edge over the competitors. The interviewees also mentioned that the institute has a strong brand name that is easily recognized. Flexibility of the courses offered is also a strong point whereby the class timings and semester schedules are convenient such that there are crash courses available for those who may want to fast track their learning period for the diplomas (without compromising the quality of course) .

Differentiation is a business strategy that seeks to build competitive advantage with its product or service by having it be different from other available competitive products based on features, performance or any other factors not related to the price (Pierce et al, 2008).The interviewer asked the interviewees how the institute differentiates its courses from other courses. In terms of product features, interviewees identified two major differentiating factors the first one being product packaging. The Kenya Institute of Management diploma curriculum comprises of course teaching, examinations, attachment and a compulsory project. It is mandatory for a student to undertake and pass a project before being issued with a diploma certificate from the institute. As far as the interviewees know, no other college has it as requirement that students must complete a project before graduating as a diploma holder.

The second differentiating factor is the fact that the institute sets and marks its own exams thus the quality of the product is assured right from the beginning where the student registers for a course right through to the end where certificates are issued. The institute is in full control of the entire education process of a student who enrolls and this is a fact that has ensured that the product high standards are maintained at every stage of the course offering. Most competitors including some universities leave the diploma examinations to an external examining body.

When asked about how the institute courses are differentiated in terms of quality of service, the interviewees had mixed reactions with some indicating that the quality of service is standard thus nothing sets it apart from other colleges in this area. Other interviewees were however of the view that the rigorous measures in place that ensure a quality product also translates into quality service whereby as a Kenya Institute of Management student you have the assurance that you shall be taught by the best possible staff. The interviewees indicated that the institute delivers on customer value, but what sets it apart from others is the added value that its students receive. Being a professional membership based organization, the value that is enjoyed by full members (who are professionals from diverse areas of expertise) is extended to the students at a minimal cost of Kenya Shillings one thousand five hundred only. The benefits enjoyed by the students include a free copy of the monthly management magazine, free entry into members' professional forums, discounts at selected organizations amongst other benefits.

It is important for an entity to know its target market so as to enable it develop appropriate strategies suitable for attracting its intended customers. When asked whether the institute has a specific market niche, most interviewees identified high school leavers as their main market niche. However when probed further the interviewees conceded that the institute courses were specifically geared towards the working professional who needed to enhance their management skills. The interviewees indicated that the high school leavers were a ready market that the institute taps into.

In targeting the high school leavers the institute employs the strategy of engaging the students while they are still in high school through several activities such as mentorship, student leadership programs, corporate social responsibility activities and any other activities that would interest the students and make them aware of the institute's products. The working professional needs are met by utilizing the countrywide membership database and network to assess the needs of the professional working person and then developing and promoting courses that are tailored to their needs.

Interviewees all alluded to the fact that the Institute does not engage the concentrated market growth strategy. It however does market development by promoting related courses to its already existing customers for example actively encouraging the diploma students take up certification courses and vice versa. Some interviewees however were of the opinion that the institute was not aggressive enough in the pursuit of this strategy. Product development is a strategy that involves the substantial modification of existing products or the creation of new but related products that can be marketed to current markets through existing channels (Pearce et al, 2008).In terms of product development as a strategy, the interviewees indicated that the institute does develop new products (and even modify existing ones) but does not see the process through to the end especially in the marketing stages. The product is not sufficiently supported through its growth stages. According to the interviewees the institute has previously not been active in searching for strategic alliances and has some dormant relationships that have previously not been exploited. However it is now actively involved in pursuing beneficial relationships and alliances with organizations such as ACCA, KASNEB and other relevant local and international bodies.

Overall there are mixed reactions from the interviewees regarding their opinion on the level of effectiveness of the competitive strategies adapted by the institute. There are those who believed that so far the strategies have been effective. Those of a divergent view felt that the strategies in place were not really strategies but operational plans focused on handling the current situation rather than corporate level strategies that are forward looking. Improvements suggested by the interviewees on how the competitive strategies can be improved included developing a clear business model for the school, seeking strategic long term partnerships, diversification of product portfolio and getting the institute registered with the Ministry of Education so that it can enjoy and exploit the benefits attached with the registration. The interviewees also felt that it was critical that the institute undertakes measures to secure its legal status so as to reduce its exposure to legal risk.

The unique internal capacity identified by the interviewees include a young innovative, highly skilled and creative human capital that can be used to improve product offering, drive growth and expansion of the Institute; a twenty strong branch network across the country that allows students to study at a location of their convenience; minimal bureaucracy regarding student matters-issues are resolved in the shortest time possible. The institute also has a strong brand name that is easily recognizable and associated with excellence.

4.5 Discussions

The study noted that The Kenya Institute of Management faces various challenges arising out of competition. The first major challenge identified by the study is that the institute is facing competition from a large number of middle level colleges and universities that have arisen as a result of low entry barriers, leading to intense rivalry whereby the competitors are aggressively looking to increase their student enrolment levels mainly through low pricing strategies thus attracting the rivals' customers and decreasing overall profitability. This is consistent with the model presented by Porter (1998) which has identified jostling for buyer patronage among rival sellers as one of the strongest forces of the five forces model which is characterized by amongst others several competitors of roughly the same size, low entry barriers and competitive advantage often based on price.

Another challenge identified by the study is the price sensitivity of customers arising from a combination of several factors including the high number of competitors within the industry, the low buyer switching costs, availability of similar cheaper products and buyers having access to market information regarding course offerings and their prices. This is in line with the literature from Pierce and Robinson (1997) who stated that well informed buyers are likely to shop for favorable prices and are sure they can always find alternative suppliers to provide the same goods or services.

The study also found that the institute has set its fees too high such that even with the added value the students enjoy, they are still not willing to pay the extra amount. This proves the position taken by Thompson et al (2004) which states that buyers sometimes decide that a standardized budget priced product suits their market requirement as well or better than a premium priced product with lots of snappy features and personalized services.

From the study it is evident that the institute is having difficulties retaining its customer base because of its limited offering to the customers. Student demographics and requirements have changed over the years and the institute has not developed courses and a clear progression path to a degree or higher qualification that is highly demanded by the current student population. The students who are mostly from the 'instant generation' who require fast results are therefore are enrolling in colleges that will meet the changing needs. This conforms with the observations of Thompson et al (2004) who argued that shifting societal concerns, attitudes and lifestyles alter the pattern of competition usually favoring those players that respond quickly and creatively with products targeted to the new trends and conditions.

The Kenya Institute of Management case study has shown that financial constraints do indeed compromise the ability of the institute to compete in that it is a challenge to sufficiently invest adequate resources in marketing campaigns and infrastructural projects that would see it compete effectively against its rivals. This has led to crippled efforts by the institute to exploit opportunities and respond to threats. This is consistent with Harrison (2003) who states that firms that are in a strong financial position are more responsive to new opportunities and threats than their competitors who suffer financial constraints.

The study found that the institute has placed its product quality too high such that students are prone to opt for the competitors' courses which are not too stringent. In the study it was also revealed that the institute's courses even though they are of high quality, are very susceptible to imitation meaning that over time the competitors are able to imitate the course content, repackage it and issue it to the market at a better advantage than the institute. This is consistent with Dess et al (2005) who state that a firm may strive for quality or service that is higher than customers' desire. Thus they are vulnerable to competitors who provide an appropriate level of quality at a lower price. A product that is easily imitated cannot lead to sustainable advantages because any advantage achieved may be eroded over time through imitation.

With regard to advances in communication technology and internet based learning, it has come out clearly from the study that the institute has not fully embraced the opportunities presented by these developments thereby missing out on a market that the competitors quick to exploit in order to increase revenues. It also emerged from the study that the institute takes too long to develop new diploma courses and that it is struggling to meet and keep up with the changing customer needs. This is consistent with Thompson et al (2004) who state that habitual late movers will often find themselves scrambling to keep pace with the more progressive and innovative rivals.

The study discovered that institute is reeling from the effects of globalization and competing with rivals who are perceived to offer superior products. The institute is losing students to internationally recognized higher education institutions. This is in line with Hitt et al (2007) who observed that globalization has led to higher levels of performance and customers will purchase from a global competitor rather than a domestic firm when the global company's goods or service is superior.

Another challenge identified by the study relates to the legal and regulatory framework where the institute is operating in a regulatory environment which is still under formulation and so far there are regulations that have been implemented that favor the competition. This conforms to Yabs (2007) who states that there are positive and negative laws. Positive laws are those that help the firm conduct business without restrictions or those that protect the operations of the firm for example special preferential licenses, while negative laws refer to those that place restrictions on the activities of the firm. The institute is a victim of both positive and negative laws whereby the positive laws give undue advantage to some competitors while the negative ones restrict its operations.

The study brought out the competitive strategies that the institute management has put in place to cope with the challenges of competition. It found that the institute does differentiate its courses in terms of product packaging, quality and value addition to the enrolled students and through this strategy it offers a unique proposition to its customers across the country. This consistent with the theory presented in chapter two whereby Porter (1998) states that the differentiation strategy targets a wider market and seeks to be unique along dimension valued by buyers. With regard to target market, the study ascertained that the institute target market is the working professional, however it also targets the high school leavers only because they are a ready market. he institute does not seem to conform to the proposition by Gamble and Thompson (2009) that identifies the market niche strategy as one that focuses on a narrow piece of the target market.

Through this study, it has been revealed that the institute does have in place market and product development strategies which Pierce and Robinson (2009) have identified as some of the grand strategies that can be implemented by a company. However the study found that the institute is not aggressive enough in pushing its courses and neither does it actively support its new courses through the growth stages. This has led to failure of some excellent courses to gain traction in the market. Indeed this is consistent with the observations of Hills and Jones (2004) that poor positioning strategy arises when a company introduces a potentially attractive new product but sales fail to materialize because it is poorly positioned in the market place. Similarly when a new product is not supported through its product cycle, it is most likely to fail when presented to the market.

The study also revealed that the institute is seeking to develop and exploit strategic alliances and as noted by Gamble and Thompson (2009) the competitive attraction of alliances is in allowing companies to build competencies and resources that are more valuable in a joint effort than when kept separate. Overall it emerged from the study that the some of the competitive strategies identified may actually be operational plans rather than business level or corporate strategies (which are more long term and strategic) identified in chapter two of this study.

Barney (1991) argues that for a resource to be considered as a basis for competitive advantage it must be valuable, rare, imperfectly imitable and non-substitutable .This is evidenced by the institute's unique capacity of having a twenty branch network across the country. This capacity is valuable because that enables it exploit more opportunities than other less networked colleges, rare because very few other college possess such a wide network, imperfectly imitable because it is difficult to replicate twenty branches across the country and non-substitutable because nothing can replace the physical presence of an entity within a county.

From the findings of this study, it is observed that several of the outcomes are consistent with studies from other authors. With regard to the challenges of competition and the strategies adopted to cope, this study is in conformity with Mueni (2013) who identified similar challenges of competition and the mix of Porter's (1998) generic strategies as being implemented as competitive strategies at Barclays bank of Kenya. Other scholars who have identified competitive strategies are Omondi (2013) who established that Crown Berger has successfully adapted a mix of the generic strategies. The challenges of competition have been studied by Kathambi (2012) who identified the various challenges faced by Zetech College in dealing with competition amongst middle level colleges in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study set out to determine the challenges that The Kenya Institute of Management is facing from competition and the competitive strategies it had adopted to cope with these challenges. This chapter presents the summary of key findings, conclusion and recommendations. It also discusses the limitations of the study and recommendations for further research. The study made use of both primary and secondary data. Primary data was collected through personal interviews while secondary data was gathered through internal publications and websites.

5.2 Summary

The two main challenges of competition as identified from the study are the large number of competitors within the higher education industry and customer retention. Competition is intense and the institute is facing pressure from all fronts. The main competitors include middle level colleges, private and public universities and international colleges. The institute bench marks against other colleges such as Zetech College, Nairobi Institute of Business studies and Strathmore college. The high number of competitors has led to fierce rivalry with existing players aggressively seeking to enlarge their market share and new entrants looking to take a bite off the same market share pie, factors which have contributed to the reduced market share of the institute. Due to this intense competition, it has become increasingly difficult for the institute to set prices that would see it turn a profit because customers would move to cheaper colleges offering similar courses.

The second major challenge identified is customer retention where the institute is finding it increasingly difficult to retain its customers. Several reasons can be attributed to this including high course fees, price sensitive customers, cheaper competitor options, imitation by the competition and slow adaptation by the institute to changing customer needs. The institute could also be setting its course standards (product quality) too high, way above the requirements of its customers such that students opt to undertake their studies in other institutions where the learning process is less demanding. Other challenges being experienced are financial constraints which place restrictions on how effectively the institute can compete and laws that favor the competition. It is also getting increasingly difficult for the institute to convince the market of the value of its courses given that the market orientation is towards attaining higher education qualifications.

When it comes to competitive strategies the institute has no clear strategy that can be identified as its lead competitive strategy. It does however have in place a mix of generic and grand strategies. Of the generic strategies the institute has differentiated itself based on product packaging and added value whereby the diploma courses offered are one of the very few that require a the students to write a project. The students also get to enjoy the benefits offered to the institute members including free access to membership forums, free management magazine etc. The institute also does market and product development although these have not been pursued aggressively enough to realize the effects of their full potential. The institute dos not have a clear cut strategy for product development and good products have been seen to fail due to lack of support.

5.3 Conclusion

Having been in existence for over sixty years, the institute has proven that it can withstand the test of time. However the challenges have evolved over the years and it is important for the institute to also evolve and adapt to the ever increasingly dynamic education industry environment. This study has several conclusions. First, the institute operates in an environment with several players and cut throat competition. The industry is prone to new entrants who intensify the competition even further. In response to this increased competition, the institute endeavors to set itself apart from its rivals by distinguishing itself through the quality of courses it offers which are industry oriented and tailor made for the market. The institute courses have continued to receive endorsements from employers who allude to the fact that the institute graduates are well prepared for the job market.

However, despite its high standards, the institute is finding it increasingly difficult to maintain its student numbers largely because the competitors are offering similar courses at a cheaper price. Most competitors simply imitate and repackage the courses offered by The Kenya Institute of Management and offer them at a cheaper price and in most cases at a lower quality. Given that the customers are price sensitive, they will often overlook the quality aspect and go for the cheaper options. In order to fight for and retain its market share, the institute has had to leverage on other aspects in order to attract customers including a strong brand name that has been developed over the years, a country wide network and flexibility in the timings of its courses with regard to semester lengths and class schedules.

In an attempt to stay ahead of the competition, the institute has in place strategies that include offering its courses in a unique package that has course work, attachment, exams and project writing. Few competitors have been able to implement the project writing at diploma level due its involving and costly nature. Also with its own in house exam process, the institute is in control of the entire education process of a student enrolled at the institute thereby assuring high standards throughout the process. There is also the added value to students who attend the institute in the form of opportunities to network with professionals and access to the Management Journal that addresses contemporary issues in management.

Other strategies in place include market and product development whereby the institute develops products to appeal to other segments and at the same time modify the current courses and promoting the same to its customers. In the past the institute has not exploited the aspect of strategic alliances, however having realized the potential benefits of strategic joint efforts in building competencies, the institute now pursuing alliances with various partners and stakeholders. However the effectiveness of these strategies are questionable due to an observation that emerged during the study that the institute is steadily losing its market share to the competitors.

5.4 Recommendations

The researcher makes the following recommendations based on the findings, discussions and conclusions of the study.

5.4.1 Implications for Theory

The findings of the study contribute to the theory and knowledge in different ways. First it brings out the importance of the organization's need to be fully aware of its competitive environment so as to enable it formulate appropriate strategies that exploit the opportunities and shield it against threats. In this case study the threats have been identified as intense rivalry, new entrants, buyer power, legal environment and changing customer preferences. The study also reveals the need for organizations to ensure that they protect (from imitation) the assets, resources, processes or products that give them competitive advantage.

Next, the findings of the study emphasized the importance of finding the correct mix of competitive strategies that will ensure that an organization retains its competitive edge. It also requires that organizations have appropriate and clearly defined strategies at each level from the corporate level down to the functional levels. It is also important for management to allocate sufficient financial resources to ensure that the organization is able to compete strongly against its rivals.

5.4.2 Implications for Managerial Policy

General Managers are the individuals in an organization charged with the responsibility of analyzing the firm's environment, understanding the firm's strengths and weaknesses and choosing strategies to maximize value (Barney, 2007). For starters managers should closely monitor the competitor's actions and find innovative ways of outsmarting them. Management should also be aware of and respond speedily to changing customer preferences if they want to retain customers. The speed at which a new product is introduced to the market could determine its success or failure.

Product innovation must be a key initiative in order to keep ahead of the competition. Important decisions such as pricing must be made with caution and with reference to the competitive environment as this is an area where rivals tend to undercut each other. Products must be supported throughout their life cycles with concrete well defined processes to ensure success. Products should be modeled and presented in a manner that adequately meets the customer requirements without compromising the quality.

5.4.3 Implications for Managerial Practice

Although the institute has several strong competitive points, it does not seem to have fully exploited the opportunities availed to it by its very nature. It instead seems to be succumbing to the competitive threats while leaving its weaknesses exposed. The management must evaluate its current strategies and how effective these are in giving the institute as competitive edge.

It is imperative for the institute management to evaluate its competitive strategies and its long term strategies and amend them to address the problem of shrinking market share or risk facing imminent collapse. There needs to be prudent and clear-cut procedure of formulation and implementation of strategy both of which are critical in ensuring the institute maintains its competitive edge over the rivals. Of utmost importance, the institute must address the issue of its legal standing to ensure that its basis for existence is firmly enshrined within the law.

5.5 Limitations of the Study

Generalization of the findings of this study may be limited by various factors. First the study was conducted on only one middle level college. In as much as all middle level colleges are subject to similar industry forces, each institution has its own unique processes and competencies that would have it respond with different strategies to the challenges of competition. This may limit the application of the findings to other colleges. Similarly given that the study was based on one unit in one industry environment, the findings may not be applicable to other sectors of the economy.

The study only focused on the senior management for the purpose of data collection. This has locked out the other staff members with the knowledge and experience that could give a deeper and more varied insight into the study. A larger sample would have given more representative information on employees' views on the challenges of competition and the competitive strategies employed there in. Due to the sensitive nature of the information requested, (most organizations like to keep their strategies a secret) the interviewees may have held back on some information.

5.6 Suggestions for Further Studies

Despite the in depth of coverage of this study, there still exist gaps that other researchers could explore. There is need to do an industry wide study on the challenges of competition and the competitive strategies adopted in response. This would give a more comprehensive synopsis of the industry whose findings may even be applied across different sectors. Further research could loop in the international higher education based institutions in Kenya and assess their challenges and impact on the local higher education industry.

Other researchers can explore deeper into the individual challenges identified within the study and establish the relationships with other factors including but not limited to market positioning, pricing and brand image amongst others. Other studies can go further and evaluate the effectiveness of the strategy implementation process. customer perception and its effect on competitive strategy .

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APPENDICES

APPENDIX I

INTERVIEW GUIDE

The information gathered from this interview will be treated with the utmost confidentiality.

GENERAL

1. Name___________________________
2. What is your position within the Institute? ________________________________
3. How long have you been employed by KIM? ______________________________

PART ONE: CHALLENGES OF COMPETITION

1. Who are the main competitors of KIM?
2. What have been the most pressing challenges that have arisen out of competition in terms of the pricing of KIM services?
3. What challenges does KIM face from its competitors with regard to product quality?
4. What Challenges does KIM experience in terms of retaining its customer base?
5. Do financial constraints affect the way in which KIM competes in the market? If yes, briefly describe how this affects the way in which KIM competes.
6. Would you say that KIM products meet and satisfy the customer/market requirements? Briefly elaborate your answer.
7. Is your Institute an Industry leader or follower in terms of responding to the changing needs of the customer? Please elaborate.
8. Briefly describe the challenges KIM endures as a result of competing for the same market as other Institutions who offer higher level qualifications such as degrees.
9. What challenges does KIM face as a result of advances in Digital communication and globalization?

10. Briefly describe the competitive challenges arising out of the existing regulatory framework.
11. Does high mobility of faculty affect the competitive standing of KIM? If yes, please elaborate.
12. Are there any other challenges that KIM experiences as a result of operating within its competitive environment? If yes please describe them.

PART TWO: COMPETITIVE STRATEGIES

1. What factors do you think attract more students to your institution?
2. What techniques do you have in place to monitor the competitive environment?
3. Describe the strategies put in place by KIM management to counter the competition.
4. Do you strive to achieve overall low cost leadership and/or setting product prices lower than your rivals?
5. If yes, briefly describe how this is achieved.
6. How do you differentiate KIM courses form those of rivals in terms of Product Features?
7. How do you differentiate KIM courses form those of rivals in terms of Brand image?
8. How do you differentiate KIM courses form those of rivals in terms of quality of Service?
9. How do you differentiate KIM courses form those of rivals in terms of customer Value?
10. Is there any other way that KIM differentiates itself from its competition? If yes, briefly describe them.
11. Does KIM target a specific market niche?
12. If yes, which ones are they and what strategies does KIM adopt to meet the needs of this market niche?
13. Do you have operational excellence as part of your strategic initiative? If yes briefly describe how this is implemented.
14. Does KIM use any of the following strategies?
    a. Concentrated market growth

b. Market development
c. Product development
d. Strategic alliances.

15. How does it do the above?
16. How effective do you find the competitive strategies that KIM has adapted over time?
17. In your view what else can be done to improve KIM's competitive strategies and make them more effective?

PART THREE: INTERNAL CAPACITY

1. Does KIM have any valuable and unique internal capacities?
2. If yes, which ones are they and how does KIM use them to gain advantage over its competitors?

Thank you for your time.

APPENDIX II

LETTER OF INTRODUCTION

To

RE: INTRODUCTION LETTER

I am a student at the University of Nairobi pursuing a Masters of Business Administration (MBA) degree. As part of my course requirements, I am undertaking a research project on the competitive strategies adopted by The Kenya Institute of Management to cope with the challenges of competition within the higher education sector.

I would be grateful if you would accord me a few minutes of your time to respond to the questions I have formulated to assist me collect information required for me to meet the objectives of the study. The information availed shall be treated with the utmost confidentiality and shall be used solely for the purpose of this research. A copy of the same can be availed to you on request.

Thank you

Yours Sincerely,

Susan Olelo