

**COMPETITIVE STRATEGIES ADOPTED BY
NAIROBI AVIATION COLLEGE, KENYA**

BY

EVANS ESSANYA

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DECLARATION

This research project is my original work and has not been submitted for a degree in any other University.

Signature **Date**

Evans Essanya

Reg No: D61/76637/2012

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

Signature **Date:**

Professor Bitange Ndemo

Department of Business Administration

School of Business

University of Nairobi

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DEDICATION

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ABSTRACT

Today's business environment coupled with unrelenting competition and increased uncertainty has made it complex for many organizations to operate. There have been an emergence of better informed and more discriminating customers who have pushed this organizations to compete at the highest level with the primary focus of increasing their market share and safeguard against the unknown. Competition has been as a result of scarcity of resources, rareness of opportunities and yet the ease of entry in the market by rival organizations persists. In response, managers have opted to formulation and adoption of competitive strategies as they deploy organizational resources to meet the set objectives and create a sustainable competitive advantage over their rivals. The commonly used competitive strategies are Porter's generic strategies such as Cost Leadership and Differentiation. This research is based on a case study of Nairobi Aviation College which has been in operation for sixteen years and has experienced extensive growth over time. The study had two objectives, the first objective of the study was to establish the competitive strategies adopted by Nairobi Aviation College and the second objective was to determine the challenges faced by Nairobi Aviation College in adopting competitive strategies. The study established that Nairobi Aviation College adopted several competitive strategies such as cost leadership, differentiation, expansion, resource regeneration and improvement. The strategies were very effective leading to the phenomenal growth of the institution. It was also established that the college faces many challenges in adopting competitive strategies such as high staff turnover, inadequate financial resources and employee resistance to new ways of doing things. The study recommends that companies should adopt competitive strategy that matches with their internal resource capabilities and synchronize them to the external environments instead of copying other companies' strategies. The study also recommends that a survey be done on middle level colleges to enable generalization of findings.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Issues of competitive strategy have dominated the corporate world in most recent past, it has been defined differently by different authors; competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 2002). Porter (1998) defines competitive strategy as “the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs.” This imply that a firm may adopts competitive strategies to enable locate its place in the market which is usually dominated by different players who pursue similar economic interests. It is also the way a firm competes in a particular market by deliberately choosing distinctive set of activities to enable it gain competitive advantage over rival firms.

This study will analyze the adoption of competitive strategies using various theories namely; The Game theory; Resource Based View of the firm; Competitive Advantage Theory among others. The theories relevance to this study lies in the postulations of the interaction between firms in terms of how they make competitive moves and influence the behavior of rival firms, the significance of organizations resources and capabilities in determining the long term strategies developed by the firm, and the sources of competitive advantage derived from the configuration of the value chain activities such as the human resource, infrastructure, knowledge, and supply chain and company operations.

Middle level colleges play a critical role in Kenya's socio economic development, even with the challenges in the macro environment that make their survival difficult. The liberalization policies adopted by government over the past two decades coupled with favorable economic conditions have opened Kenya's education sector. Nairobi City County alone has over 450 privately owned middle level colleges, spread from the CBD to leafy suburbs and estates. The resultant market dynamics coupled with price wars and company failures have forced college managers to incorporate competitive strategies in management in order to overcome threats in the business environment. As company managers scan the external environment, they must be alert for the potentially important outer-ring developments, assess their impact and influence and adapt the company's direction and strategy as needed (Pearce & Robinson, 2007). Porter (1980) postulates that, the essence of strategy formulation is coping with competition within the operating environment. The college managers therefore generate competitive strategies using internal resources and competencies, aligning them to government policy thereby providing synergies that lead to superior performance.

1.1.1 Concept of Strategy

Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies to meet the needs of the market and fulfill shareholder expectation (Johnson et al., 2002). Organizational functions aligned to strategy assure maximum yields to stakeholders, creates a sense of purpose and unity in the organization. Strategy enhances synergy in resources utilization and value addition across the organizational functions. Strategy is a set of decision making rules for guidance of organizational

behavior (Ansoff & McDonnell, 1990). Employees at all levels of the organization make decisions that determine the overall success of the organization. Focused organizations share their vision and mission with all stakeholders, involve employees in formulation and implementation of strategy which minimize resistance and conflicts. Strategy is a plan, process and position where the operational part of strategy is deliberate and structured but taking into consideration the internal and external context of its environment (Mintzberg et al, 1998; Johnson et al, 2005).

The typical business firm usually considers three types of strategy; corporate, business and functional. Corporate strategy is the choice for a firm as a whole and it is dependent on four factors; comparative advantage, economies of scale or learning curve extending beyond the scale and proprietary product technology (Porter, 1980). Business strategy takes into consideration the competition in the market (Johnson et al 2004; Porter 1980) while functional strategy takes into consideration the components to deliver organizational business strategies (Johnson et al 2004; Whittington, 2002).

1.1.2 Competitive Strategies

Porter (1998) argues that every organization that competes successfully in an industry has a competitive strategy. Further, Porter (2008) asserts that competitive strategy is taking offensive or defensive actions to create a defensible position in an industry to cope successfully with the five competitive forces and yield a superior return on investment for the firm. The strategy may have been developed through a planning process or may come up through activities of the various functional departments of the organization namely corporate, business and operational levels of strategic decision making in organizations (Hofer & Schendel, 1978; Johnson & Scholes, 2002). Porter (1998) posits that

competitive strategies aim at establishing a profitable and sustainable position against the forces that determine industry competition. Further, Porter argues that competitive strategies not only respond to the environment but also attempt to shape the environment in which firms favor in order to gain competitive advantage. Porter's competitive strategies framework recognizes three generic strategies from which firms can choose namely cost leadership, differentiation and focus.

To surpass competition, a company must be different in a way that can be preserved. A company must focus on being cost efficient by performing activities in a more cost efficient way than competitors or differentiate their activities that lead to distinguished values to customers (Porter, 1996). This means that a company success depends on selecting and implementing the right strategies. This will be the ones that fit the resources and capabilities (competitive strengths) of the organization and the macro environment in which the company operates in. A company achieves competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces (Thompson, Strickland & Gamble; 2008). Successful competitive and functional strategies add value in ways which are perceived to be important by the company's stakeholders, especially its customers, and helps distinguish the company from its competitors (Thompson & Strickland, 2003).

1.1.3 Middle Level Colleges in Kenya

Middle level colleges are public and private colleges that enroll and train students in certificate and diploma courses. They offer a wide variety of courses in business studies, social sciences and technical training skills. The emergence of these colleges has been due to the government's inability to provide adequate training opportunities to majority

of candidates from secondary schools, which makes these institutions to play a crucial role in research and training of skilled personnel for both the public and private sector economy (KNBS, 2009). The Ministry of Education statistics show that of the 450,000 candidates who sat for KCSE last year, more than half (268,092) scored C- and below leaving them with only one option, to enter tertiary colleges or end their ambitions for education (MOEST, 2015).

Middle colleges are evenly distributed in the country, admit and train students through their internally laid mechanisms. These colleges have marketing intelligent systems which collect information necessary for decision making; they rent their premises rather than own the buildings, they set their fees using cost-plus methods and in comparison with the competitor charges and allow their students to pay their fees in installments. Also, these colleges have devised a flexible curriculum and offer full time, part time and online classes to attract students from all walks of life both employed and unemployed.

The quality of education offered by middle level colleges has been questioned by different stakeholders in the education sector. There has been an outcry from education stakeholders that higher education has focused more on growth of universities, leaving out polytechnics and other technical colleges. Today the supervision of middle level education is under TIVETA which was established by an act of parliament 2013, No. 29. The MEQAS is mandated by the education act of the laws of Kenya Cap 211 to undertake issues of quality and standards.

1.1.4 The Nairobi Aviation College

This is a locally owned private institution of learning started in 1999 as a computer college in the Central Business District in Nairobi City. Since then the college expansion

has been on an upward trend to the current posture dominated with twenty branches scattered countrywide, six hundred employees and over ten thousand students. The college's major operations are undertaken by a strategic committee that oversees operations up to the branches. NAC offers certificate and diploma courses in aeronautical and electrical engineering, airport operations, business management, hospitality, information communication technology and social sciences. The college has collaboration with Moi University, trains students in diploma business courses who upon graduation proceed for an undergraduate degree in business studies at the Moi University.

Nairobi Aviation College's vision is to become a center of academic and professional excellence both locally and internationally. Its mission is to produce market driven graduates who are conscious of and responsive to the dynamic challenges in the society. The college management believes in offering easily accessible higher education to youths who didn't make it university due to the low grades at secondary education. The college is accredited by local and international examination bodies like, KNEC, NITA and IATA, ICM and ABMA. NAC has heavily invested in ICT programmes, diversified its operations to include provision of hospitality and transport services for hire. NAC owns Aviation Television station and plans to inaugurate its flagship project (Africa Aviation University) early next year in Kitale County.

1.2 Research Problem

In the face of a constantly changing business environment coupled with unpredictable markets pose challenges to all organizations, how an organization will respond and adapt to this environment will determine its success. Middle level colleges are facing stiff competition from both public and private universities as all this institution train students

in both diploma and certificate courses. These colleges are facing daunting problems from customers who require quality products at lower costs, shareholders demand increased dividends on their investment while employees want improved remunerations, all this demands and competing interests put pressure on organizations. Overly middle level colleges have a responsibility of balancing these demands and generating greater value from the resources they hold in order to survive longer in the market. The firm must engage in a strategic planning that clearly defines objectives and assess both the internal and external situation to formulate strategy, implement it, evaluate the progress, and make necessary adjustment necessary to stay in track (Thompson and Strickland, 2003).

Organizations respond differently to competition, some invest in new technology that enable introduction of new brands to the market. Some organizations innovate through re-engineering and process improvement, while others opt to buy out competition through mergers and acquisitions. The actions of these organizations are simply meant to guarantee future survival in the market and are geared towards increasing market share and value to stakeholders. According to the policy framework report on reforming education and training in Kenya (2012), registered private middle level institutions increased to 813 of which 493 were fully registered by the Ministry of Education in 2012. The ease of entry into the market and expansion of these colleges has elicited interest among scholars and researchers who are questioning the quality and relevance of the courses offered by these colleges while other scholars argue that these colleges help youths nurture and grow their talents.

Various scholars have carried out studies on the adoption of competitive strategies by middle level college and respective industries. For instance, the study by Kaburu (2012) investigated the challenges Zetech College faced due to competition and the competitive strategies adopted to overcome the challenges. Another study done by Owaya (2013) investigated the response strategies to changes in macro environment by middle level colleges in Nairobi Central Business District. Similarly, Adhiambo (2014) did a study on competitive strategy implementation and its challenges in Early Childhood Development Education institutions in Nairobi County. The studies mentioned above have recorded a mix of results on adoption of competitive strategy and the challenges faced by organizations in implementation, which makes it impossible to generalize the findings to the industry as the existing literature is inadequate to fully explain the effect of competitive strategy on firm performance thereby exposing a knowledge gap that this study intends to fill. Since no study has been conducted at NAC on adoption of competitive strategy and challenges in adopting competitive strategies, this creates an avenue for conducting this study at the institution. It is therefore against this background that this study seeks to answer the following two questions;

- i. What are the competitive strategies adopted by NAC?
- ii. What challenges does NAC face in adopting competitive strategies?

1.3 Research Objective

The objectives of this study are;

- i. To establish the competitive strategies adopted by Nairobi Aviation College in Kenya.

- ii. To determine the challenges faced by Nairobi Aviation College in adopting competitive strategies.

1.4 Value of the Study

First, this study will be valuable to key policy makers like; the Ministry of Education may use information from this research to formulate policies that govern the operations of middle level colleges in the country. In particular, comprehensive and prudential guidelines that address the challenges within the education sector and align it to the internationally recognized best practices.

Second, the study will be significant to the education industry, management of NAC and managers in other industries as it provides insight into adoption of competitive strategies by organizations. The study enlightens education industry players on the best competitive strategies to adopt and the challenges faced in implementation.

Finally, the study will be useful to theory as it stimulates researchers to make follow ups on the adoption of competitive strategy in the education sector, and help reveal unknown information which will enhance our understanding of competitive strategy adoption, implementation challenges and what colleges need to do in order to strengthen their competitiveness. Hence, the study should open up further discussions on how Game theory, Resource Based View and Competitive Advantage theories contribute to firm performance in a highly competitive environment.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarized information from books, journals, magazines and other publications carried out in the same or closely related fields of study. The chapter covered theoretical and empirical review of literature.

2.2 Theoretical Underpinnings of the Study

Scholars have come up with different theories to explain the phenomena of using competitive strategies to gain competitive advantage. Some of these theories include the following;

2.2.1 Game Theory

The theory talks about the interactions between firms and the ways in which organizations make preferred choices and how the outcomes influence rival firms behavior for a conflict or cooperation. This view is supported by Johnson & Scholes (2010) suggestion that game theory concerns itself with the interrelationships between the competitive moves of a set of competitors and how they affect each other.

The theory encourages managers to look ahead and reason back, figure out how other organizations respond to current moves, and find ways of responding back. That is, the outcome for each game will depend on the choices (strategies) of all other firms. The theory postulates the possibility to observe the behavior of firms in a market and predict decisions they are likely to make next so long as there is sufficient information about the firms involved and the rules of the game.

2.2.2 Resource Based View Theory

A firm's resources at a given time could be defined as those tangible and intangible assets which are tied semi permanently to the firm, example of resources are brand names, in house knowledge of technology, and employment of skilled personnel, trade contacts, machinery, efficient procedures and capital. The Resource Based View theory of competitive advantage is significant to the firm through its postulations that an

organizations resources and capabilities determine the long term strategies to be developed by the firm. Grant (1991) supports this view that an organization is likely to perform better than its rivals if it has sufficient resources and higher capabilities that can place it a head of its competitors. Supporters of this view encourage organizations to continue nurturing and developing their resource capabilities given that, these resources depreciate with time and have to be replaced, augmented and upgraded for an organization to stay ahead of competition.

The theory postulates that in order to gain competitive advantage, the resources degree of sustainability and appropriateness has to be enhanced, the resources are to be unique, not easily bought, transferred or copied and add value to the firm through being rare, inimitable and non-substitutable (Barney & Clark, 2007). That is, the resources are to be firm specific to an extent where none of the competitors has the ability to use the same type of resources either through acquisition or imitation. The resource based view of business strategy (internal) the grounds of advantage are the firm's internal environment in relation to its resources and capabilities (Johnson et al., 2005).

2.2.3 Competitive Advantage Theory

Competitive advantage is the superior position a firm occupies in a market over its competitors (Porter, 1980). Further, Porter argues that for a company to achieve a greater profit margin and offer customers greater value, it must identify sources of competitive advantage and maximize use of its resources. The size of this profit margin is depending on how efficiently the firm can perform the activities in the value chain the difference between customer's willingness to pay and the costs of these activities constitutes the profit (Porter, 1998). The sources of competitive advantage may be derived from the

configuration of the company's value chain activities such as the human resource, infrastructure, knowledge, and supply chain and company operations. This is done by shaping the value chain to either providing lower costs or improved differentiation depending on the firm's core competencies. Cost advantage is achieved by reducing the costs of the entire value chain or single activities or making structural changes in the chain that pressure costs. Differentiation is achieved by making activities unique and thereby harder for competitors to benchmark. Since differentiation often results in higher costs, companies must often make tradeoffs between differentiation and cost advantages.

Porter (2008) postulates that the five force model shapes competition in the industry and determines the overall profitability and industry attractiveness. The five forces are the bargaining power of suppliers, bargaining power of buyers, threat of new entrants, threat of substitute products and rivalry among existing firms. These may imply that for a company management to understand the industry structure, it must undertake an industry analysis thereby determining the products geographical scope, the players in the market segment in order to establish the industry boundaries and take a position that is more profitable and less vulnerable to attacks. An understanding of the competitive forces and their underlying causes will reveal the roots of an industry's current profitability while providing a framework for anticipating and influencing competition and defending against competitive forces and shaping the forces in a company's favor are crucial to strategy.

2.3 Generic Strategies

Porter (1998) points out three generic strategies which a firm may choose to compete namely; cost leadership, differentiation and focus.

2.3.1 Cost Leadership Strategy

Porter (1998) affirms that the cost leadership strategy should be embraced by a firm that targets price sensitive customers, through mass production which results to economies of scale and benefits passed to customers at a cost lower than its rivals. The low cost leader gains competitive advantage by getting its cost of production or distribution lower than those of other firms in its market (Collins & Lowe, 2007). In essence a firm that adopts the cost leadership must conduct a thorough analysis of the value chain activities, covering costs related to every single activity. It has to analyze the customers' value chain by establishing how its products fits into their value chain, and identify potential cost advantages in comparison with competitors. However, organizations have to be careful in embracing cost leadership strategy as it must not be applied thereby sacrificing product quality as such may destroy brand loyalty leading loss of market. The Cost leadership strategy may not be sustainable in the long run as competitors imitate, technology changes and other bases of cost leadership erode.

2.3.2 Differentiation Strategy

Differentiation strategy involves the development of products or services that offer unique attributes that are valued by customers who perceive them to be better than the products of competitors. The objective of differentiation is to develop a position that potential customers see as unique based on certain features that satisfy that class of customers. This means that a firm may focus on unique strengths as specific attributes to differentiate by analyzing the buyer value chain, how a product is used, and fit in with rest of the buyers' life as well as the job it does for the consumer so as to create a product wanted by the consumer.

Porter (1980) affirms that a product can be differentiated in terms of design, brand image, technology, features or dealer network. Adding product features means the production or distribution costs of a differentiated product may be somewhat higher than the price of a generic non differentiated product (Johnson and Robinson, 2002). The author continues to contend that customers must be willing to pay more than the marginal cost of adding the differentiating feature if a differentiation strategy is to succeed. Successful products differentiation helps a firm respond to environmental threats and also reduces the threat of rivalry because each firm in an industry attempts to carve out its own unique product niche (Barney, 1991). Differentiation is not sustainable in the long term as competitors imitate and bases for differentiation become less important to buyers.

2.3.3 Focus Strategy

The focus strategy is appropriate for small companies that target market segments that are less vulnerable to substitutes and in markets where competition is weakest to earn return on investment. Porter (1980) asserts that the entire focus strategy is built around serving a particular target market more effectively and sufficiently than competitors who compete more broadly. Further, Porter argues that a firm has to target markets that consist of distinct groups with specialized needs assess its resources and capabilities then choose either to offer low prices or differentiated products. This may imply that for a firm to adopt a focus strategy, it must stay close to customers and monitor their needs and tailor products that suit this market. The strategy is not sustainable in the long run as competitors imitate and the targeted segment becomes structurally unattractive as demand disappears.

2.4 Product Market Strategies

In the long run, a firm has to change its strategy in order to maintain market growth. The company management has to make a decision as to what products or services to offer and in which markets. Ansoff (1957) points out a two dimension matrix, one dimension considers 'products' (existing and new) and the other dimension considers 'markets' (existing and new). Further, Ansoff points out four market growth strategies that a firm may apply to grow its market namely; market penetration, product development, market development and diversification.

Market penetration strategy involves a firm selling existing products in the current markets or finding new customers for present products in order to gain a higher market share. Market penetration strategy is considered as the least risky since it is built upon the existing company resources and capabilities. Market development involves a firm selling new products in new markets the strategy risk involves alienating current customers, and Product development involves developing new products for existing market, the strategy requires a continuous research and development as well as the ongoing assessment of customer needs. Diversification strategy achieves market growth by developing new products for different new markets. The diversification strategy is most suitable for well capitalized and established companies.

2.5 Empirical Review

Various studies have been done on competitive strategies and challenges facing middle level colleges in Kenya. A brief highlight of some of these studies is hereby given to prove that competitive strategies are unique and highly sensitive to environmental circumstances.

Adhiambo (2014) in her study on Competitive strategy implementation and its challenges in Early Childhood Development Education institutions in Nairobi City County Kenya established that differentiation and cost leadership strategies had been adopted to a greater extent, through provision of unique extracurricular activities, subjects and provision of transport services. Differentiation strategy was expensive to implement thereby posing challenges due to the ever changing customer needs. Mwasi (2014) study on Competitive strategies adopted by non-governmental organizations to enhance their performance in Kitui County, Kenya established that branding, latest technology, innovation, joint ventures and outsourcing strategies had been adopted. Mwendu (2013) in her study on Competitive strategies adopted by Supermarkets in Nairobi, Kenya established that supermarkets used differentiation strategies like innovation to a little extent, while service line, geographical areas and customer group characteristics informed the focus strategies. The challenges associated with implementation of competitive strategies included high cost of capital and inability by the supermarkets to meet up with changes in demand variability. Also, market dynamics made it difficult for supermarkets to come up with long term strategies. Muthimi (2013) study on Challenges faced by Kenyatta University in implementing Competitive strategies established that, KU was on track implementing its strategies by having committed employees, annual plans, sound leadership, supportive organization structure, systems and procedure and sound resource allocation. The shortcomings were lack of staff training and inadequate communication in the organization. Owaya (2013) study on Response strategies to changes in macro environment by middle level colleges in Nairobi Central Business District Kenya, established that strategic alliance, restructuring, cost leadership and diversification strategies had been adopted.

The studies highlighted above reveal that most training institutions apply competitive strategies in order to thrive in their industry sector. But the challenges are unique and specific to firms, which makes it impossible to justify a generalization hence a knowledge gap is created which this study tries to bridge by studying the adoption of competitive strategy at Nairobi Aviation College.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the description of the methodology used for the study. It covers the research design, data collection method and the data analysis method.

3.2 Research Design

The research design that suits the study was a case study research design as it was based to one organization. This design was more appropriate as it allows an in-depth analysis of the topic under study. Also, a case study was more appropriate as it records information the way it is, in the present and without manipulating the variables.

Kothari (2004) posits that “case study is a form of qualitative analysis where a careful and complete observation of an individual or a situation or an institution is done; efforts are made to study each and every aspect of the concerned unit in minute details and from case data, generalizations and inferences are drawn”. This may mean that a case study is effective in situations where an in depth understanding of a subject concerning a particular unit is required as it involves a careful and complete observation of a social unit such as a family, an institution, or a community.

3.3 Data Collection

The study utilized both secondary and primary data sources to collect qualitative data. Qualitative data refers to all non-numeric data or data that have not been quantified and can be a product of all research strategies (Mark, et al 2007). The secondary sources included previous materials documented in form of newspapers, books, journals, magazines and research papers available in libraries and online. The primary sources included interviews, observations and use of questionnaires. In this case, an interview guide was used since it allows for a more in depth interaction with the study respondents.

The interview guide consisted of open ended questions which were administered in person to all the top five (5) managers who consist of the principal, human resource manager, college registrar, finance manager and the marketing manager. The five aforementioned managers were considered to be key informants for this research. The interview guide method was used as it is easier to analyze the information collected and allows the researcher to corroborate the information with data collected from secondary sources.

A personal interview is a form of direct communication in which an interviewer asks respondents questions face to face (William et al, 2010). To administer the personal interview, the researcher sought permission from the organization and consent from individual managers by requesting through a formal introduction letter. One research assistant was used for administering the interview guide. The researcher conducted a direct personally administered interview with one of the senior managers of Nairobi Aviation College. This was to aid in probing more when necessary to gain an in-depth understanding of the respondents. This also assisted in gathering information especially from the top management on the organization's strategic plan and other related documentations, such as programme documents, annual review reports and newsletters.

3.4 Data Analysis

Qualitative data was analyzed using content analysis method. Qualitative data analysis seeks to make general statements on how categories or themes are related (Mugenda and Mugenda, 2003). Content analysis technique was used as it enables the researcher to achieve the objectives of the study. The technique enriches the research content, and does not limit the respondents from giving diverse views that may bring out a different angle to the research.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This chapter presents data analysis and findings. Data was gathered through an interview guide and analyzed using content analysis. The findings were on the Competitive Strategies adopted by Nairobi Aviation College. According to the data found, all the five senior managers projected for the interview in the previous chapter were interviewed making a response rate of 100%. The commendable response rate was achieved through making of frantic effort in booking appointment with the senior managers of Nairobi Aviation College despite their tight schedules and making of unending phone calls reminding them of the interview.

The presentation of this chapter starts with a demographic data followed by analysis of the competitive strategies adopted by NAC. During the interview various challenges were highlighted that were found to have affected the adoption of competitive strategy by the college.

4.2 Demographic Information

The study in an effort to ascertain the interviewees' competence and conversance with matters regarding Nairobi Aviation College asked questions on the position of the interviewee held in the college. The number of years the college had been in operation was given as sixteen years. According to the findings, all the interviewees were senior managers in charge of various divisions such as administration, finance, human resource, marketing and examinations in which they had served for periods ranging from eight to three years. The researcher also asked questions on the years that the interviewee had worked for NAC. According to the interviewees' response, all of them had worked for the college for at least six years as most promotions are done internally, within the college. Hence, the interviewees response can be treated with confidence since the positions they occupy in the college allow them to access all issues concerning and affecting the college.

The vision and mission of the college was found to be; a center of academic and professional excellence both locally and internationally. The mission was; to produce competent market driven graduates who are conscious and responsive to the life challenges.

4.3 Competitive Strategies Adopted by Nairobi Aviation College

The first objective of the study was to establish the competitive strategies adopted by Nairobi Aviation College in Kenya. To achieve this, the respondents of the study were drawn from the top management of NAC and interviewed. Key among them was the principal, finance manager, marketing manager, administrator, and registrar who by virtue of their roles are involved in strategy formulation, adoption and implementation on behalf of the college. The interview guide was structured appropriately to capture majority of aspect covering their respective divisions in the college.

The interviewees were asked to mention the strategies the college had adopted to cope with competition. The respondents enumerated the main competitive strategies as cost leadership where the institution targets the mass market by charging low fees and minimizes the cost of operations in procurement and paying less salaries compared to competitors. The college has to some extent adopted differentiation strategy through provision of a variety of courses to target different markets such as piloting, cabin crew, electrical engineering, business and hospitality courses. One strategy mentioned by all interviewees was the elaborate, aggressive and creative marketing used by the college. The marketing strategies primarily focus on the high school graduates as they form a huge chunk of the market and are more so interested in finding out information on courses offered by middle level colleges, while creative marketing focus was on the working population that has an idea of existence of other colleges offering same courses however due to reliability preference is given NAC over such colleges.

Other strategies adopted were market diversification and expansion where the college offers transport services to the public, provides hospitality services to students such as

accommodation and meals. The college has also ventured in the media industry through the Aviation Television network. All these operations enabled NAC to record above average market profitability and fund its operations in branches across the country.

On the question regarding the growth of NAC for the past five years, the interviewees indicated that growth had been phenomenal coupled with increased branch network in the counties, acquisition of new facilities, increased investment in infrastructure and expansion of the workforce. Other internal factors that lead to the phenomenal growth were sound recruitment of competent customer care staff who have been very instrumental in upping student admission to the college, another success story have been the delivery of teaching services to clients at different times of the year, especially through the distance learning programme. Such arrangements have enhanced admissions to college and enabled the college to cut costs that emanating from the personal attention that regular students require. The creation of quality assurance office that ensures efficiency in operations and quality in delivery of services has been instrumental in enabling the college management improves in various aspects such as development of human resources and even acquisition of physical facilities. Evaluation programmes across the entire staff of the college have been introduced, which have enabled the identification of gaps in college operations. The evaluation reports are used by managers of the college in decision making thereby adding impetus to improvement overall college undertakings.

External factors included a favorable government policy where admission grades to middle level colleges were scaled down by one point from C plain to C minus for Diploma courses and C minus to D plus for Certificate courses. The new course

requirements opened a new market that was larger thereby enabling colleges to tap from it and increase their student populations. However, since the beginning of this year, NAC has been experiencing a downward growth which to a greater extent can be attributed to the negative media coverage by NTV titled certificates of doom.

4.4 Challenges of Adopting Competitive Strategies

The second objective of the study was to determine the challenges faced by NAC in adopting competitive strategies. Among the many challenges the college faces include; Lack of adequate finances to implement the agreed upon plans such as the acquisition of own premises which would relieve of the college from paying the high rental fees. Inadequate funding has stalled acquisition of modern training facilities like aircraft engines, proper workshop installations and acquisition of qualified and competent staff a situation that has hindered delivery of quality services to clients and compounded problems for the college.

High staff turnover blamed on poaching by competitors has impeded the implementation of strategic plans as experienced staffs leave the college in droves, there's lack of continuity in management and the newly engaged staff lack the requisite skills to implement the college strategic plans. Hence, the college faces an increased cost as it tries to improve the staffs' managerial skills, through training an exercise that requires extra resources and is time consuming.

There is increased resistance from the college staff who oppose new ideas in deployment of college resources thereby leading to misuse and under achievement of set targets. The staff in the human resource department are known to resist new changes especially in handling employees impedes retention of competent staff. This has created a situation of

mistrust and even increased disharmony among staff which in essence affects the implementations of set objectives thereby lowering the college's competitiveness.

There's ease of entry into the market by competitors a scenario that has created increased competition as many colleges are coming up and charging rates below the market rate, tend to imitate and copy the NAC way of doing things. This has broken down NACs pricing policy, led to a decline in brand loyalty as clients have increased options in terms of pricing and switch to courses offered by new entrants. This has increased the operational cost in the sense that the college has to increase its innovation and invest in new technology functions to create an edge over rivals, this has forced NAC to continuously review its courses and even shade off those that no longer attract many students to college thereby reducing its market share.

4.5 Discussion of Results

The findings presented in this research summary are based on the results of a case study and a one to one interview with senior managers of NAC. Out of the five managers interviewed. It was noted that two had worked with the college for fifteen years, one for eight years, while the rest for three years and below.

Many of the challenges cited under industry competition in chapter two were found to affect the college in one way or another. The study found out that there were several challenges faced by NAC, these included pricing challenges as other institutions easily copy by and even underprice their services in order to survive in the market. Unfair competition and unethical practices like the poaching of staff and students was rampant. Negative publicity by the media over issuance fake certificates dented the college's image and reputation thereby affecting students' admission. The high staff turnover has

posed challenges in implementation of college strategic plans and continuity in provision of quality services to clients as experienced staff disembark from the college management. Public universities have scaled up marketing activities thereby intensifying competition as most of them open shop within the streets of Nairobi and compete with middle level colleges in admission of diploma students. Some of the competitors copy the NAC college way of doing things there by posing more challenges that forces the NAC to innovate more often a practice that strains its resources. The stiff competition and rivalry among colleges has led to high capital expenditure on infrastructure by NAC an activity that has denied other crucial divisions of the college finances required to grow them. Investment in staff training and development and enhancement of staff remunerations have starved off crucial revenue for college expansion as it struggles to retain staff.

Just like many other research findings elsewhere, the study revealed different strategies; key among them include cost leadership, differentiation, aggressive and creative marketing, provision of quality services to match pricing of products and customer retention. Collaborating with universities in provision of diploma courses and improved customer service leading to customer satisfaction and improved admissions to the college through referrals.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary deduced from the data analysis, conclusions drawn from the findings and recommendations made. The conclusions and recommendations drawn were focused on addressing competitive strategy adoption, and the challenges of adopting competitive strategies with emphasis on NAC.

5.2 Summary of Findings

The first objective of this study was to determine the competitive strategies adopted by NAC. The results of the study indicate that the college management adopted several strategies including Cost leadership, Product differentiation, expansion, aggressive marketing, and investment in infrastructure among others. The strategies adopted were effective as they enabled the college open new branches countrywide, introduce a wide range of courses, acquire more facilities for training students and extensively invest in marketing activities thereby enhancing admission of students to the college.

The second objective of the study was to determine the challenges of adopting competitive strategies. Most of the challenges highlighted in literature review were found to affect the college for instance, competition was found to be very intense in a market dominated by public and private universities and established middle level colleges like Nairobi institute of business studies and AIRADS.

The ease of entry into the education market has created an oversupply of colleges in urban centers, a situation that has encouraged the use of unorthodox means to poach both students and staff from rival colleges in an effort to outdo each other. The resultant effect has been the intense competition and blackmail. Also, the college has witnessed a high staff turnover in the past few months a factor that has greatly hindered strategy implementation thereby threatening the continuity of the college to the near future. NAC struggles to replace the experienced staff that left the college for greener pastures.

The college has adopted a new policy where most of the financial resources have been put in marketing activities such as rebranding in order to redeem the tainted college image created by the certificates of doom expose. Such a policy has staved off funds other crucial divisions such as the human resource development, hindering delivery of quality services thereby compounding the problems for the college.

There is increased resistance from the college staff who oppose new ideas in deployment of college resources thereby leading to misuse and under achievement of set targets. This has created a situation of mistrust and even increased disharmony among staff which in essence affects the implementations of set objectives thereby lowering the college's competitiveness.

5.3 Conclusion

The study concludes with the findings that indeed NAC faced many challenges just like any other business that operates in a competitive market. The researcher noted that the challenges will always be there in any business and what makes the difference is how an organization responds to the challenges. NAC had managed to overcome the challenges by diversifying its operations, investing in new infrastructure and expansion to counties where competition was low, which enabled the college to attain an edge over its rivals in terms of student numbers and branch network. The main competitive strategy at the time of the interview was differentiation where the college has introduced many courses to cater for a diversified clientele and attract premium pricing. Such courses include; the flight dispatch, air hostess and cabin crew and aeronautical engineering and piloting courses that were recognized internationally by IATA.

5.4 Limitations of the Study

There were a number of limitations that affected the outcome of the study. Some interviewees were unwilling or hesitant to respond to some questions on the interview guide. The interviewees concern was confidentiality of information provided. The researcher overcome this limitation by assuring the interviewee that the information gathered will be treated with utmost confidentiality and would only be used for academic purposes.

The study was limited with time. The interviewees had limited time given their busy schedule, making it hectic to schedule for the interview. This limitation was overcome by constant follow up, reminding them and even travelling to their place of work often.

5.5 Suggestions for Further Research

The study suggests that there is need for replica research in other organizations in similar or different industries to determine whether the same conclusions can hold as well as establish the influence of time to competitive strategy adoption by NAC, as well as the influence of context on competitive strategy adoption by other organizations.

The study also suggest a survey be done for middle level colleges because generalizing results of a case study is limited, a survey will act as a better pointer to competitive strategy adoption and the challenges of adopting competitive strategies thereby enabling generalization of the results of such a study.

5.6 Recommendations for Policy and Practice

The study churned out interesting findings as far as adoption of competitive strategies as well as challenges in adopting competitive strategy is concerned. The study is valuable to the management of NAC by highlighting other competitive strategies that can be used to achieve a sustainable competitive advantage hence enable the college to remain a head of competition. NAC must invest heavily in infrastructure, market research, innovation and reduce the high staff turnover.

Other middle level colleges can learn from NAC strategy formulation and implementation, and craft winning strategies that fit their internal resource capabilities and external environment to enable gain a competitive advantage. By simply copying NAC operations, the other rival organizations will have no guarantee that the strategy will work, as the internal environments for both organizations are totally different.

The policy formulators can also draft policies and make recommendations based on the success of NAC. The recommendation could help improve the education sector especially

the tertiary level, which becomes a good step in developing crucial skills, knowledge and attitudes towards the achievement of vision 2030.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Dear Respondent,

I am a master's student at the school of business, University of Nairobi. I am currently undertaking my research project entitled *Competitive Strategies Adopted by Nairobi Aviation College, Kenya*. The attached research instrument is for gathering data, which will be used in the mentioned research.

You have been selected as one of the respondents in this study. I therefore request you to kindly facilitate the collection of the required data by answering the questions herein.

Please note that the information sought is purely for academic purposes and will be treated with utmost confidentiality.

I look forward to your co-operation.

Yours faithfully,

EVANS ESSANYA

University of Nairobi

APPENDIX II: QUESTIONNAIRE

UNIVERSITY OF NAIROBI



SCHOOL OF BUSINESS

Dear Sir/Madam,

RESEARCH PROJECT

Attached please find a questionnaire. I am carrying out a research in fulfillment of my master's programme MBA (STRATEGIC MANAGEMENT) at the School of Business, University of Nairobi. My research is entitled *The Competitive Strategies Adopted by Nairobi Aviation College, Kenya*.

Kindly take some time and complete this questionnaire. Any information provided will be purely used for academic purposes and will be treated with utmost confidentiality.

Yours faithfully,

ESSANYA EVANS

Tel: 0720 34 60 42

Email: essanyawefwe@yahoo.com

INTERVIEW GUIDE

Section A: Participant details

1. Which department are you in?
2. What is your job title?
3. How many years have you served in your current position?
4. What are your main responsibilities in the college?

Section B: Competitive Strategies adopted by Nairobi Aviation College

5. What are the vision and mission of Nairobi Aviation College?
6. i) What is the target market for Nairobi Aviation College?
 - ii) How would you describe competition in the industry in your catchment area?
 - iii) Who are your main competitors?
 - iv) In which areas do you consider your main competitor stronger than your institution?
7. i) Which competitive strategies has Nairobi Aviation College adopted in response to competition?
 - ii) How effective were the adopted strategies?
8. i) Which among the strategies named above do you consider to be your main competitive strategy?

ii) Any reasons for that?

9. How has the growth of Nairobi Aviation College been over the last five year?

Section C: Challenges of adopting Competitive Strategies

10. Which challenges do you face in adopting competitive strategies?

11. How has the challenges mentioned above influenced your college?

12. Which precautionary measures has the management taken to overcome the above mentioned challenges?