COMPETITIVE STRATEGIES EMPLOYED BY THE RIARA GROUP OF SCHOOLS TO GAIN A SUSTAINABLE COMPETITIVE ADVANTAGE

By

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DECLARATION

I, the undersigned, declare that this research project is my original work and has not been submitted to any other college, institution or university for academic credit.

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D61/7488/2006

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

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DEDICATION

I dedicate this work to my lovely wife Ruth and my sons Taji and Travis. I also dedicate this work to my parents Casmir Wamalwa Wekesa and Alice Nabalayo Wekesa for encouraging me to complete this study.

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LIST OF ABBREVIATIONS

RGS .... Riara Group of Schools

KCPE .... Kenya Certificate of Primary Education

KCSE .... Kenya Certificate of Secondary Education

P.E... Physical Education

ABRSM...Associated Board of the Royal Schools of Music

CSR.. Corporate Social Responsibility

8.4.4.. Kenya's education system of 8 years of Primary, 4 years of Secondary and 4 years of University

KPSA... Kenya Private Schools Association

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ABSTRACT

The crafting of strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations, and improving the company's financial and market performance (Thompson, Strickland and Gamble, 2008). In Kenya, many companies operate in a highly competitive environment. The Private Schools industry is a very competitive environment. Players here have had to put in place competitive strategies to help them achieve a competitive advantage. Riara Group of Schools has adopted competitive strategies which have seen it grow. It boasts of two kindergartens, two primary schools, one high school and a university.

This study sought to establish competitive strategies adopted by the Riara Group of Schools to gain a sustainable competitive advantage and challenges that Riara Group of Schools faced while implementing these competitive strategies. The study utilised the case study approach. The data collected was analysed based on the content analysis technique. Findings from this study showed that Riara Group of Schools employed Porter's generic strategies and select grand strategies to gain a sustainable competitive advantage. The study also established that the Riara Group of Schools faced various challenges when applying competitive strategies.

The study concluded that Riara Group of Schools applied competitive strategies in their day to day management and operations. The study recommended that managers of private schools should also apply competitive strategies and should be aware of challenges that come when applying competitive strategies to gain a sustainable competitive advantage.

CHAPTER ONE: INTRODUCTION

1.1.Background of the study

A firm needs, from time to time, to define its objectives and develop strategies that will ultimately result in competitive advantage (Pearce and Robinson, 2003). Strategy is the direction and scope of an organisation over the long term, which achieves advantages in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations (Johnson, Scholes and Whittington, 2009).

A firm's survival in a changing or turbulent business environment is pegged on its ability to effectively and efficiently manage its internal strengths and weaknesses and beware of opportunities and threats presented to it by the external environment. Porter (1985) asserts that a firm can shape its competitive position and industry attractiveness. This is what makes the choice of competitive strategy both challenging and exciting. A firm can also improve or erode its position within an industry through its choice of strategy. Competitive strategy, then, not only responds to environment but also attempts to shape that environment in the firm's favour. This is how companies gain competitive advantage.

It can therefore be predicted that a firm that has a well crafted and executed competitive strategy can gain competitive advantage. This could be so even when the firm is operating in a highly competitive environment. The Private Schools industry in Kenya is one such highly competitive environment. This is because there are many private schools that have to compete for a market share from a limited population of parents who are in the middle and upper class and who can afford to take their children to private schools.

The Riara Group of Schools is one such firm that is operating in this very highly competitive environment. It is should therefore be on the Riara Group of Schools' strategic agenda to have a competitive advantage by positioning itself well using competitive strategies.

1.1.1. Competitive Strategy

Competitive strategy is concerned with the basis on which a business unit might achieve competitive advantage in its market. A market is where different firms operate. This creates a state of competition. (Johnson et al, 2009). Kotler (2003) defines competitors as companies that satisfy the same customer need.

Competitive strategy is the search for a favourable competitive position in an industry, the fundamental arena in which competition occurs (Porter, 1998). He further states that competitive strategy is taking offensive and defensive actions to create a defendable position in an industry to cope successfully with five competitive forces and therefore yield a superior return on investment in the firm. The five competitive forces are; entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among the existing competitors.

Competitive strategy determines a firm's position in the industry. According to Porter (1985), positioning determines whether a firm's profitability is above or below the industry average. A firm that can position itself well may earn high rates of return even though industry structure is unfavourable and the average profitability of the industry is therefore modest. The fundamental basis of above average performance in the long-run is sustainable competitive advantage.

1.1.2. Sustainable Competitive Advantage

Businesses become successful because they possess some advantage relative to their competitors. The two most prominent sources of competitive advantage can be found in the business's cost structure and its ability to differentiate the business from competitors. Businesses that create competitive advantages from one or both of these sources usually experience above average profitability within their industry. Businesses that lack a cost or differentiation advantage usually experience below average profitability (Pearce and Robinson, 2008).

A creative, distinctive strategy that sets a company apart from rivals and yields a competitive advantage is a company's most reliable ticket for earning above-average profits. It is nice when a company's strategy produces at least a temporary competitive edge, but a sustainable competitive advantage is plainly much better. Sustainable competitive advantage is attained when actions and elements in the strategy cause an attractive number of buyers to have a lasting preference for a company's products or services as compared to the offerings of competitors (Thompson et al, 2008).

Competitive advantage stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its product. Each of these activities can contribute the firm's relative cost position and create a basis for differentiation (Porter, 1985). There are three different generic strategies by which an organisation could achieve competitive advantage. These are overall cost leadership, differentiation and focus (Porter, 1998). There are also fifteen grand strategies that that can help achieve competitive advantage. These are concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, joint venture, concentric diversification, conglomerate diversification, retrenchment/turnaround, divesture, liquidation, bankruptcy, strategic alliances and consortia (Pearce and Robinson, 2006).

1.1.3. Private Schools in Kenya

A main indicator of human development is the capacity to acquire education. Education enables learners to acquire skills and knowledge. Education also helps learners to develop physically, emotionally and psychologically.

Many governments are committed to implementing education goals, including Education for All (EFA) and Universal Primary Education (UPE). However, most governments especially in developing countries are faced by resource constraints. State involvement in education has been justified on the grounds that there would be under-investment if such an important sector is left to market dynamics. The demand for education has grown so rapidly that almost no government can adequately provide adequate education facilities without the participation of the private sector (Nafula, Onsomu, Manda and Kimalu, 2007).

The Kenyan education system comprises of kindergarten or nursery (three years), primary school (eight years), secondary school (four years) and university (four years). The education system is commonly referred to as 8.4.4 system. The government provides free primary education in public primary schools and tuition in secondary schools. Kenya's new constitution guarantees free basic education as a human right. Due to constrained government funding, low quality of education, high enrolment and low transition rates from primary to secondary, and from secondary to university, private schools have emerged to offer solutions to these problems. Some parents and guardians are striving to ensure that their children get what they term as the best quality education by taking them to private schools. This demand for private schools has seen the establishment and exponential growth of private schools with increasing enrolment.

Some of the registered private schools in Kenya run kindergarten, primary and secondary schools. Others run kindergarten and primary schools only. Some private schools are even establishing private universities to ensure that their students complete the 8.4.4 system within their organisations. Some private schools in Kenya also offer international curriculums like the British National Curriculum (B.N.C) and International General Certificate of Education (I.G.C.E) of the United Kingdom.

Private schools in Kenya are run by Boards of Directors, community groups, religious organisations, commercial companies or by individuals. According to Nafula et al (2007), there is a wide range of private schools from low-income to high-income schools; most expensive (for-profit) to least expensive (not-for-profit) private schools; and from well performing to not so well performing. Some private schools take the form of high quality educational institutions financed mainly through student fees and have to continually charge high fees to maintain their level of service delivery, and are therefore accessible only to a minority.

1.1.4. Riara Group of Schools

According to KPSA, there are 523 registered private schools in Kenya. These private schools offer a curriculum approved by Ministry of Education. According to Mbwaya (2007), there are 194 private primary schools in Nairobi alone. Among these schools is the Riara Group of Schools (RGS) which was established in 1974 as a Kindergarten.

RGS comprises co-educational day schools at Kindergarten, Primary and a boarding Girls' High School. These are Riara Road Kindergarten, Riara Road Primary and Riara Springs Kindergarten, Riara Springs Primary and Riara Girls High School. The RGS has in 2012 also established a Riara University which began operations on 7th September, 2012 after receiving a letter of Interim Authority from Commission of Higher Education (CHE) to offer degree programmes in Bachelor of Business Administration and Bachelor of Education Arts.

The RGS offer comprehensive and quality Early Childhood Education (ECE), Primary and Secondary Education based on the Kenyan Education System of 8.4.4. The total enrolment of pupils in the Kindergartens, Primary and High School at RGS is 3,518. There are 395 pupils in Riara Springs Kindergarten, 1,098 pupils in Riara Springs Primary, 325 students in Riara Girls High School, 1,382 pupils in Riara Road Primary and 318 pupils in Riara Road Kindergarten.

The RGS also boasts of 650 teaching and support staff on permanent and pensionable terms and around 50 casual staff. The RGS is headed by two directors one of whom is the Chairman and the other one the Academic Director. Other directors and senior managers are the Operations Director, Head of Human Resources, Head of Finance, Head of

Transport, Administration Manager, Procurement Manager and Schools Heads in each of the schools under the RGS management.

1.2.Research problem

Every firm that has the objective of succeeding has to always position itself well with strategies that can give it a competitive advantage. Mintzberg, Quinn and Ghoshal (1999) define strategy as a pattern that integrates an organisation's major goals, policies and action sequences into a cohesive whole. A well-formulated strategy helps to marshal and allocate an organisation's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents.

It is with this in mind that Porter (1990) asserts that when responding to and influencing industry structure, firms must choose a position within the industry. Positioning embodies the firm's overall approach to competing. Firms can therefore position themselves through provision of quality services, good customer care relations, proper marketing among others. He also states that in the heart of positioning, is competitive advantage. Competitive advantage ensures that a firm is able to succeed in the industry in the long-run. Barney (2007) explains that when a firm enjoys a performance advantage over its competition, it is said to enjoy a competitive advantage. A firm's competitive advantage can be either temporary or sustained. Temporary competitive advantage is short lived, while sustained competitive advantage lasts longer.

Kenya has various industries operating in a highly competitive environment. One of these most competitive industries is the Private Schools industry. With over 523 registered private schools operating under the Ministry of Education curriculum, competition is inevitable. There are around 194 private schools in Nairobi and their number is growing. These schools compete for a limited but growing number of students whose parents can afford to take them to private schools.

Riara Group of Schools is one such firm that operating its private schools in a highly competitive environment. The competition it faces is from other private schools and public schools that are mostly run by City Council of Nairobi and other Non-Governmental Organisations. Due to the ever changing external and internal environment, the group of schools has faced challenges in sustaining its competitive advantage. It can only achieve this by formulating and/or implementing competitive strategies that will help position it at an advantage over other private and public schools.

Various studies have been done on competitive strategy and competitive advantage. For example, Mbwaya (2007) conducted a study on the competitive strategies adopted by private primary schools in Nairobi under the 8.4.4 curriculum. This was a general survey and could not provide a more detailed analysis of competitive strategies applied by individual primary schools to gain competitive advantage. Racho (2011) conducted a case study on competitive strategies adopted by private secondary schools in Mombasa County. Mureithi (2010) conducted a study on challenges faced by Montessori schools in Kenya in implementing competitive strategies. Onyango (2011) did a study on the competitive strategies adopted by private primary schools in Kisumu East District. Mauti (2010) did a similar study but with a bias to the influence of competitive strategies on the performance of international schools offering British National Curriculum (BNC) in Nairobi. Other studies on competitive strategies and competitive advantage have been done in other industries. For instance, Mwazumbo (2010) researched on strategies used by Diversey Eastern and Central Africa Limited to create sustainable competitive advantage. Hussein (2011) on the other hand researched on the competitive strategies employed by Mumias Sugar Company to develop competitive advantage.

Results from all the studies mentioned above indicated that firms should actively engage in formulating and implementing competitive strategies if they want to gain a competitive advantage over other firms in the same industry. Firms that have not employed competitive strategies have resigned to being market followers in their respective industries. The studies also indicated that firms face a lot of challenges when implementing competitive strategies. There is a great need for Riara Group of Schools to attain and defend a sustainable competitive position in the Private Schools industry. What are the competitive strategies that the Riara Group of Schools has employed to gain a sustainable competitive advantage? What are the challenges that the Riara Group of Schools has faced while implementing competitive strategies to gain a sustainable competitive advantage?

1.3. Research objectives

The study had two objectives. These were:

i) To establish the competitive strategies employed by the Riara Groups of Schools to gain a sustainable competitive advantage.

ii) To establish the challenges that Riara Group of Schools have faced while implementing competitive strategies to gain a sustainable competitive advantage.

1.4. Value of the study

This research will be very valuable to the management of the Riara Group of Schools. They will find the findings from the study necessary for future formulation of company strategies. The research will also help the school heads and senior management to be in the forefront in formulating and effecting competitive strategies for the group of schools.

The study will also be an important source of data and information to be adopted by other school managers and entrepreneurs in their day to day running of companies for sustainable competitive advantage in the industry. Other scholars who will be carrying out similar case studies in other private schools or businesses will also use the data from this research.

Lastly, the study will aid existing and potential stakeholders like parents and teachers to know the direction, mission and policies of the Riara Group of Schools to achieve mutual benefit. They will also be able to know the weaknesses and threats posed by the company's competitive strategies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature review focuses on the concept of strategy, competitive strategies, sustainable competitive advantage and challenges of applying competitive strategies for competitive advantage.

2.2 Concept of strategy

Strategies are central to a firm's success. Firms without strategies cannot last in the long-run. Barney (2007) defines strategy as the theory of how to achieve high levels of performance in the markets and industries within which a firm is operating. Evaluating and choosing strategy requires an understanding of both economic logic from which a strategy is derived, and an understanding of the organisation's logic through which the strategy is implemented.

Prahaland and Hamel (1990) define strategy as the management game plan for the business. A good strategy can contribute to growth, profitability, market penetration, cost reduction, cutting edge differentiation of products and sustainable competitive advantage of business firms. Johnson, Scholes and Whittington (2005) on the other hand define strategy as the direction and scope of an organisation over long term, which achieves advantage for the organisation through its configuration of resources within a changing environment and to fulfil stakeholder expectations.

The simplest way of thinking about a strategy is to assume that firms begin operations with well-developed theory, that a market place provides a test of that theory and that management makes adjustments to the theory to improve its ability to generate superior performance. However, other firms do not begin operations with a well defined, well-formed strategy. They keep modifying their strategy till it bears little resemblance with the original strategy. This are called emergent strategies. Emergent strategies are theories on how to compete successfully in an industry that emerges over time or theories that have been radically reshaped once they are initially implemented (Barney, 2007).

2.3Competitive strategies

Johnson and Scholes (2002) define competitive strategy as the basis on which a business unit might achieve competitive advantage in its market. Firms achieve this competitive advantage by providing their customers with what they want, or need, more effectively than competitors and in ways the competitors find difficult to imitate. Competitive strategy is also a search for a favourable competitive position in an industry, the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 1985).

A firm implements a competitive strategy when it seeks to gain superior economic performance by contending with other firms (Barney, 2007). By highlighting the fact that that there are many forces at work in the business environment, the internal capabilities of organisations and expectations and influences of stakeholders are all potentially important in formulating competitive strategies (Johnson and Scholes, 2002).

Porter (1985) outlines three successful generic strategies. These are cost leadership, differentiation, and focus. Cost leadership is perhaps the clearest of the three generic strategies. Here, the firm sets out to become the low-cost producer in its industry. The firm has a broad scope and serves many industry segments, and many even operate in related industries — the firm's breadth is often important to its cost advantage. The sources for cost advantage are varied and depend on the structure of the industry. They may include pursuit of economies of scale, proprietary technology, and preferential access to raw materials among others.

Porter also explains differentiation strategy as where a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It seeks one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet these needs. It is rewarded for its uniqueness with a premium price. Differentiation can therefore be based on the product itself, the delivery system, and the marketing approach among others.

Lastly, Porter explains that the focus strategy rests on the choice of a narrow competitive scope within an industry. Here, a firm selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. By optimising its strategy for the target segment, the focuser seeks to achieve a competitive advantage overall. Focus strategy has cost focus where a firm seeks to have a cost advantage in its segment and differentiation focus where a firm seeks differentiation in its target segment. Figure 1 below shows the differences among the three generic strategies.

Figure 1: THREE GENERIC STRATEGIES

		STRATEGIC ADVANTAGE	
		Uniqueness Perceived by the Customer	Low Cost Position
STRATEGIC TARGET	Industry wide	DIFFERENTIATION	OVERALL COST LEADERSHIP
	Particular Segment Only	FOCUS	

Source: Michael E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors: With a New Introduction.* Copyright © 1980 Pg 39

Pearce and Robinson (1991) explain that while the need for firms to develop grand strategies remains an unresolved debate, designers of planning systems agree about the critical role of grand strategies. They define grand strategies as master or business strategies, which provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed toward achieving long-term business objectives. There are twelve grand strategies. These are concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, joint venture, concentric diversification, conglomerate diversification, retrenchment/turnaround, divesture, and liquidation. In their later edition, Pearce and Robinson (2006) added three more grand strategies adding their number to be fifteen. These additional ones were bankruptcy, strategic alliances and consortia.

According to Pearce and Robinson (1991), concentrated growth is the strategy of the firm that directs its resources to the profitable growth of a single product, in a single market, with a single dominant technology. Market development consists of marketing present products, often with only cosmetic modifications, to consumers in related market areas adding channels of distribution or by changing the content of advertising or promotion. Product development involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels. Innovation is to create a new product lifecycle and thereby make similar existing products obsolete. Horizontal integration strategy comes to life when a firm's long-term strategy is based on growth through the acquisition of one or more similar firms operating at the same stage of production-marketing chain. Vertical integration is when a firm acquire a firm that supply it with inputs (such as raw materials) or are a customer for its outputs (such as warehouses for finished products).

Joint ventures are commercial companies created and operated for the benefit of the co-owners. They present new opportunities with risks that can be shared. On the other hand, joint ventures often limit the discretion, control and profit potential of partners while demanding managerial attention and other resources that might be directed towards the firm's mainstream activities. Concentric diversification involves the acquisition of businesses that are related to the acquiring firm in terms of technology, markets, or products. The new businesses selected possess a high degree of compatibility with the firm's current businesses. Conglomerate diversification occurs when a firm, particularly a very large one, plans to acquire a business because it represents the most promising investment opportunity available. Retrenchment/turnaround strategy is used when strategic managers believe that a firm which has declining profits due to economic recessions, production inefficiencies and innovative break-through by competitors can survive and eventually recover if concerted effort is made over a period of a few years to fortify its distinctive competencies (Pearce and Robinson, 1991).

Divesture as a grand strategy involves the sale of a firm or a major component of the firm. Liquidation on the other hand is a grand strategy that involves selling of a firm in parts only occasionally or as a whole, but for its tangible asset value and not as a going concern (Pearce and Robinson, 1991).

Pearce and Robinson (1997) explain strategic alliances as a grand strategy is distinguished from joint ventures because the companies involved do not take an equity position in one another. In many instances, strategic alliances are synonymous with licensing agreements. Licensing involves the transfer of some industrial property rights from a company to another in a foreign country. The motives for organisations choosing growth by strategic alliances include access to markets, competitive pressures, technology and resources. Other justifications for strategic alliances relate to securing favourable access to supplies of raw materials and components. They also allow a firm to share fixed costs and associated risk of product and technology development while also providing a platform on which organisations can bring together complementing skills (Capon, 2008).

Pearce and Robinson (1997) define consortia as large interlocking relationships between businesses of an industry. Capon (2008) explains that consortium alliance occurs when the parent companies contribute resources on a long-term basis and expect to see the profits and benefits created distributed back to the parent companies. In the UK, consortia are often used in capital investment projects in the public and private sector such as building new office blocks, a shopping centre, a new bridge, a hospital or a school.

2.4 Sustainable competitive advantage

Barney (2007) argues that a firm has competitive advantage when it is able to create more economic value than rival firms. Economic value here being the difference of the perceived benefits gained by a customer who purchases a firm's products and services, and the full economic cost of these products and services. Thus, the size of the firm's competitive advantage is the difference between the economic value it is able to create and the economic value its rivals are able to create.

Porter (1998) says that competitive advantage grows out of the way firms organise and perform discrete activities. Firms create value by performing these discrete activities. The value created is measured by the amount buyers are willing for its products and services. A firm is profitable if this value exceeds the collective cost of performing all the required activities. To gain competitive advantage over its rivals, a firm must either provide comparative buyer value but perform activities more efficiently than its competitors (lower cost) or perform activities in a unique way that creates greater buyer value and commands premium price (differentiation).

Organisations therefore have to choose resources and competencies that can be sustained over time. The organisation is therefore required to choose strategic capabilities that create value to the customer. The organisation also needs to have rare capabilities that cannot easily be imitated by others (Johnson, Scholes and Whittington, 2006).

There are five competitive forces that determine the ability of firms in an industry to earn average rates of return on investment in excess of cost of capital. These competitive forces are; the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and rivalry among existing competitors. In industries where the five forces are favourable, many competitors earn attractive returns. In industries where pressure from one or more forces is intense, few firms command attractive returns despite the best efforts of management. The five forces determine industry profitability because they influence the prices, costs and required investment of firms in an industry (Porter, 1985).

Four of the most frequently used and dependable strategic approaches to setting a company apart from rivals, building strong customer loyalty and winning a sustainable competitive advantage are, first, striving to be industry's low-cost provider, thereby aiming for a cost-based competitive advantage over rivals. Secondly, outcompeting rivals based on such differentiating features as high quality, wider product selection, added performance, value-added services, more attractive styling, technological superiority, or usually good value for money. Thirdly, focusing on a narrow market niche and winning a competitive edge by doing a better job than rivals of serving special needs and tastes of buyers comprising the niche. Lastly, developing expertise and resources and strengths that give the company competitive capabilities that rivals can't easily imitate or trump with capabilities of their own (Thompson, Strickland and Gamble, 2007).

2.5 Challenges of applying competitive strategies to gain a sustainable competitive advantage

There are numerous challenges that firms face when effecting competitive strategies for sustainable competitive advantage. Research findings on the study undertaken by Mbwaya (2007) on competitive strategies employed by private schools in Kenya show that the schools face various challenges in implementing Porter's generic strategies of cost leadership, differentiation and focus. They include the internal challenge of lack of adequate funds needed for the success of cost leadership which requires heavy investment, while external challenges include limited access to finances and government policies.

Cost leadership strategy can be very difficult to implement in an industry where competitors offer the same products at the same cost. Porter (1985) argues that if a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry provided it can command prices at or near industry average. A cost leader, however, cannot ignore the bases of differentiation. If its product is not perceived as comparable or acceptable by buyers, a cost leader will be forced to discount prices well below the competitor to gain sales. This may nullify the benefits of its favourable cost position. The strategic logic of cost leadership usually requires that a firm be the cost leader not one of several firms vying for this position.

Growth of international competition has revealed the fragility of seemingly well established positions of domestic cost leadership. Movements in exchange rates can cause rapid shifts in cost competitiveness in international industries, the embodiment of new technology in new equipment and increased inter-company mobility of personnel speeds the transfer and experience between firms (Grant, 1998).

Another challenge that can affect the application of competitive strategies is in differentiation strategy. Porter (1985) explains that differentiation is where a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in the industry perceive as important and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. This can be challenged in case where the competitors imitate the attributes that the firm is capitalising on. Buyers can also change their perception and tastes and loose interest in the differentiated product.

The third challenge could be felt on the focus strategy. Porter (1985) explains that focus strategy rests on the choice of a narrow competitive scope within an industry. This is also called segmentation. The focuser can choose cost focus to gain cost advantage or differentiation focus. The challenge with the focus strategy is that the focuser's target segment should be different from other segments or else it will not succeed. The segments' attractiveness can also attract competition. Other factors cited that impede strategy implementation are government policies and limited financial resources.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was used in the case study. It highlights the research design, data collection and data analysis.

3.2 Research Design

The researcher employed case study research design. Robinson (2002) defines case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. Saunder, Lewis and Thornbill (2009) add that a case study strategy helps one to gain a rich understanding of the context of the research and process by being enacted. Case study strategy is mostly used in explanatory research.

There are related case studies on competitive strategy and competitive advantage. Mwazumbo (2010) and Hussein (2011) successfully carried out studies using the case study research design.

3.3 Data Collection

The study utilised both primary and secondary data. Primary data was collected using interview schedules that were administered to senior manager at the RGS. These were the Head of Human Resources, Head of Finance and Administration Manager. An interview schedule was used to guide the researcher in collecting all crucial and critical data. The interview schedule also enabled the interviewees to provide in-depth data guided towards meeting specific objectives of this study.

Secondary data is the one gathered and recorded by someone else prior for the purposes other than the current needs of the researcher (Zikmund, 2003). Secondary data was obtained from school website, school magazines and brochure.

3.4Data Analysis

Kothari (2004) defines data analysis as the computation of certain measures along with searching for patterns of relationships that exist among data groups. Zikmund (2003) on the other hand defines data analysis as the application of reasoning to understand and interpret the data that have been collected.

This study analysed qualitative data which had been collected. It used data reduction, data display, drawing and verifying conclusion. The researcher performed a content analysis to provide a better understanding of the subject under study. Zikmund (2003) defines content analysis as a research technique for the objective, systematic and quantitative description of the manifest content of communication.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses data findings, analysis and interpretation. The main objectives of this study were to establish competitive strategies employed by the Riara Group of Schools to gain a sustainable competitive advantage and the challenges that the Riara Group of Schools have faced while implementing competitive strategies for a sustainable competitive advantage. A case study research design was employed in carrying out this research where an interview schedule was administered to the interviewees to obtain the required information. The interview schedule was divided into four sections. These were Section A for general information, Section B for Porter's Generic Strategies, Section C for Grand Strategies and Section D for Challenges of implementing competitive strategies.

The study targeted the RGS's Directors and Senior Managers who totalled seven. Due to unavailability of some of the interviewees because of their busy schedules, the researcher was only able to interview three interviewees. These were Head of Human Resource, Head of Finance and Administration Manager. The interviewees provided the researcher with credible data that could be generalised because they were among the senior managers at RGS who actively participated in the formulation and execution of strategy. The responses to the interview schedule were 100%.

4.2 Competitive strategies adopted at Riara Group of Schools

The RGS had a strategic plan that was used to guide the operational functions in their day to day operations. The interviewees although clarified that the strategic plan had not been written down as a document. Formulation of strategy at RGS was mostly multi-level and participatory. Strategies that helped the company to remain very competitive were mostly formulated in functional departments such as Human Resources, Finance, Operations and School administration. These strategies were then forwarded to the schools' directors for approval.

Corporate strategies were also formulated by senior managers, who were heads of departments, and directors and passed down to functional units of the company. The study also established that functional units were fully responsible for implementation of strategy at the RGS. The functional units were also held responsible by the directors for strategic performance and results.

4.2.1. Low cost strategy at the Riara Group of Schools

RGS had adopted the low cost strategy to maintain the schools' competitive advantage. This had been motivated by the very dynamic and competitive environment in which the group of schools operated. The interviewees considered that their main competition came from neighbouring private schools like Makini School, St. Nicholas Academy, Rose of Sharon Academy (RSA) and St. Hannah School. They considered these schools as competition because they offered almost the same curriculum like the RGS, were in the same vicinity and also targeted the same clientele.

RGS also offered competitive fees for its services. The fees offered by the school were termed fair for services that were rendered. For example, in addition to teaching 8.4.4 curriculum subjects, the RGS also offered special subjects like music, art and craft, computer, physical education (P.E), swimming, gymnastics, dancing and French language. The school also offered extra services like free textbooks, exercise books, evening tuition and hot lunches from the consolidated fees. Extra services like transport, music lessons, ice skating, soccer, tennis, hockey, netball, rounders and basketball among many other games were also offered but at a subsidised rate.

RGS was very careful not to spend beyond its set budget. According to the interviewees, the budget was prepared at departmental levels and was based on the strategic direction that the school directors had set out. On the other hand, it was also not uncommon for the company to invest heavily in academic functions. For instance, the school had spent more to employ highly qualified, dedicated and motivated teachers especially at the Riara Girls High School.

The RGS management constantly negotiated for discounts from its suppliers for cost effectiveness. The management of RGS believed that cost of procuring and delivering services should be reasonable and sustainable in the long-run. Some of its suppliers were Bidco Oil which supplied the RGS with cooking oil, Westlands General, Oil suppliers like Total and National Oil and suppliers of laundry services, food and companies that offered staff training.

A company applying low cost strategy always ensures that its internal operations are cost effective to avoid wastage of resources and reduce on cost of operations. From the interviewees, it was clear that RGS had put in place means to ensure cost effective operations. For instance, the RGS had installed email services for its entire staff to cut down the cost of sending letter mails within its campuses which included but were not limited to printing, fuelling a van or bus and engaging a messenger to deliver these mails daily. The RGS also frequently held cost cutting meetings among its departments.

Many companies have resorted to the use of information technology in their day to day operations as a way of reducing cost of offering services. These information technologies include the use of computers and mechanisation where human labour is replaced with machine labour. According to the interviewees, the RGS had heavily invested in information technology. For instance, they had invested in the use of computers in communication through staff emails, smart phones for all its senior managers including the Heads and Deputy Heads of schools and introduction of smart boards for use in teaching in classrooms.

4.2.2. Product differentiation strategy at the Riara Group of Schools

From our earlier discussion, differentiation strategy is where a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. The study was meant to find out if RGS also adopted the differentiation strategy. These were the findings from the research.

The RGS had also adopted the product differentiation strategy in its quest to gain a sustainable competitive advantage. The interviewees highlighted that the RGS had put in place various academic programmes other than those offered by the 8.4.4 curriculum which helped to satisfy the needs of the targeted market segment. These academic programmes were music, art and craft, physical education, HIV/AIDS and French subjects. These extra programmes enhanced the learning experience at the RGS compared to that of the competitors. Furthermore, the RGS also offered extracurricular or co-curricular activities like go-karts, ice-skating, horse riding, school band, ballet, drama, swimming, local and international academic trips among many others. This was strategic in the sense that it provided the pupils with a variety of activities they can engage in and also helped the RGS to generate extra revenue. Furthermore, the RGS had ensured a good performance in national examinations like KCPE and KCSE. The RGS had been ranked among the best private schools within Nairobi County and nationally.

The RGS's style and approach applied in learning activities placed it at a competitive advantage. The group of schools employed high quality teaching and support staff who ensured that quality learning took place in and outside the classrooms. The interviewees explained that the RGS had ensured that there is a standard delivery of learning using well tested pedagogical methodologies. The learning was also child-centred and child-friendly with children who had learning difficulties being given more attention especially after school hours.

The RGS also advertised its examination results once every year in the local newspapers. This did not mean that the RGS depended entirely on this mode of advertisement to market itself. The interviewees were categorical that the RGS brand sold itself among its target population. The RGS occasionally used brochures which were circulated by the bus staff when picking and dropping the school children. The school also had a website that advertised the services it offered for its current and prospective clients.

Most companies nowadays have included Corporate Social Responsibility (CRS) as one of their core values. This is when firms give back to the society in which they operate in. RGS is not an exception in this endeavour. The group of schools had participated in various CRS activities like maintaining the access road from Imara Daima Estate through Sunrise and Oak Park Estates to Riara Springs Academy campus, they had also offered scholarships to needy but bright students especially at the Riara Girls High School, they had also sponsored Starehe Girls High School and Mama Ngina Children's Home, they had annually participated in the Mater Heart run to raise funds to treat children with heart complications, they had donated books to schools in needy neighbourhoods and had also donated art from their creative activities to hospitals like Kenyatta National Hospital.

The differentiation strategy had been successful in the RGS as they had put in place a system that ensured their customers were satisfied with the services that they offered. They did this by employing the 'open door' policy which in effect allowed the customers to air their satisfaction or dissatisfaction with services rendered. They had also ensured that they received frequent feedback on activities and services they offered to the children and parents to keep in touch with their changing needs and preferences. The RGS management had also adopted 'customer is king' policy to ensure that the needs, feelings and concerns of the customer were given preferential and swift treatment.

4.2.3. Focus Strategy at the Riara Group of Schools

The study also revealed that the RGS utilised focus strategy as one of its competitive strategies. Focus strategy is when a firm selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. This had been well executed at the RGS where the responds revealed that the group of schools focused mostly on attracting and retaining the middle and upper class clients. This they said was is because the middle and upper class could afford the fees charged for the services that the schools offered. From the data collected, it was revealed that the clients in the middle and upper class desired quality holistic education for their children. They also liked effective and efficient services. The RGS therefore strived to ensure that they were meeting these clients' needs and preferences through provision of high quality and efficient services like school transport, collection of fees, communication with parents on the progress of their children and imparting a holistic education to the pupils.

The interviewees also reported meeting various challenges while trying to satisfy the needs of this targeted market. Some of the challenges they mentioned were poor performance in examinations by some children, poor delivery of services by some of their suppliers and the frequent need by some customers to be involved in the running of the schools' affairs.

When asked whether the RGS faced any competition from other players while serving this market segment, the interviewees were negative. RGS did not face any significant competition in the market segment and seemed content with the current state of competition. They said they had ensured effective and efficient delivery of services to maintain customer loyalty. They also said that they sometimes monitored competitor strategies to ensure that they maintained their competitive advantage.

4.2.4. Grand strategies at the Riara Group of Schools

The study established that RGS had adopted various grand strategies to enhance its competitiveness. Grand strategies are master or business strategies, which provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed toward achieving long-term business objectives. RGS had utilised concentrated growth strategy where a firm directs its resources to the profitable growth of a single product, in a single market, with a single dominant technology. It had done this by concentrating on offering only educational services to the middle and upper class. They offered education at the Kindergarten, Primary, High School and then University. RGS did not engage in any other economic activities.

They had also adopted the market development strategy whereby they had occasionally distributed leaflets and brochures and ran a website which advertised their services to their current and new clients. They had also developed their market by opening the Riara University which targeted learners who were seeking higher education other than that they offered at their Kindergarten, Primary and Secondary schools.

Many firms seeking for a competitive advantage often engage in product development which involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels. RGS had not been left behind in this as it engaged in coming up with new ways of offering their education services to their clients. They had been able to add curricular and extracurricular learning activities like extra tuition for slow learners, Associated British Royal Schools of Music (ABRSM) exams for students who were taking private music lessons, go-karting, ice skating, basketball, soccer, annual concerts for all the students, annual sports days for all the students, international education trips among many others.

A very key element for a firm to remain relevant to the ever changing needs of customers and therefore gain a competitive advantage is innovation. RGS had engaged in innovations to create new products for its clients. According to the interviewees, some of the innovations that the RGS had created were use of smart boards in classroom teaching, offering of door to door transport services for its day pupils, introduction of computer studies for all pupils at all levels and introduction of ballet, soccer, dance, gymnastics and band clubs to enhance physical and mental growth and hone the children's creativity.

According to the interviewees, the RGS was not committed to applying the horizontal integration strategy as it was not within its long-term plans to acquire one or more similar firms operating at the same stage of production-marketing chain. The interviewees were however certain that RGS had acquired and ran Kandara farm which supplied the RGS with vegetables, fruits, cereals, and milk and meat products. This was vertical integration because the farm used to supply it with these products.

The interviewees were all affirmative that RGS did not participate in joint ventures nor ever experience decreased profits. They also said that RGS had never participated in retrenchment or turnaround strategies. They had not also gotten to a point where they would have been forced to sell part or the whole company at salvage value.

4.3 Challenges faced by the Riara Group of Schools when applying competitive advantage

A key objective of this study was to establish challenges faced by the RGS when applying the competitive strategies to gain a sustainable competitive advantage. From the data that was collected and analysed, there had been various challenges that had faced the RGS while trying to gain the sustainable competitive advantage.

First, when trying to apply the low-cost strategy, the RGS had faced ever changing and high cost of offering services. The price of learning resources like stationary, textbooks, computers, classroom furniture, building materials and food had continually increased in the last five years due to inflation. The increase in enrolment had also meant the need to build more classrooms, expansion of other facilities, and employment of more teachers and support staff. This had put a strain on the RGS's budget which forced it to pass down the increased cost to its customers through upward revision of their fees.

RGS had also faced a challenge in implementing low-cost strategy as some of its competitors offered slightly lower fees attracting some of its especially middle class clientele. The interviewees were however not committal to conclude that this was a real challenge evidenced by the high demand for admission to their schools.

The imitation from competitors can be a real challenge to a firm seeking to gain sustainable competitive advantage. The RGS had to content with frequent cases of competitors imitating their services and products. For example, there had been cases where teachers left RGS for the competition therefore leaking the schools' secrets to the competition. The interviewees, however, clarified that some members of staff who left RGS had returned seeking for re-employment.

The RGS had a challenge in regard to ever changing government policies on education. For instance, by the time of this study, the government had reviewed and lengthened term dates following a three week public teachers' strike. These new term dates greatly affected the operations in private schools which had been in session throughout the strike period. It therefore meant that RGS and other private schools incurred extra cost to keep the pupils and students longer in school.

Economic stability is very essential for any business entity to flourish. A country whose economy experiences turbulence is very difficult to do business in it. Kenya had faced a lot of economic instabilities which had made running of businesses very difficult. When asked how economic instability posed a challenge to RGS's operations, the interviewees said that fluctuating interest rates, foreign exchange and economic sanctions had borne a heavy toll on running of the schools.

4.4 Discussion of findings

4.4.1 Findings in relation to theory

Various theories have been advanced on the application of competitive strategies for competitive advantage by Porter (1985), Johnson and Scholes (2002), Barney (2007), Pearce and Robinson (1991 and1997) and Capon (2008) among many others. All these scholars concur that firms operate in an environment that is highly competitive. Therefore, for any firm to gain a competitive advantage or to be superior in the industry, it has to formulate and implement competitive strategies which are generic and grand strategies.

From this study, it was established that RGS operated in a highly competitive environment. This therefore necessitated its active application of competitive strategies. These competitive strategies ensured that it gained an enviably sustainable competitive position making it the best in the Private Schools industry.

Other theories have indicated that while applying competitive strategies, firms often face various challenges. Porter (1985) advanced an example of such a theory in relation to applying cost, differentiation and focus strategies. Some of these challenges are perception of buyers on the product or service being offered, risk of imitation from the competitors and attractiveness of the segment a firm has chosen to satisfy may also attract competition.

This study established that RGS faced various challenges while applying competitive strategies. Some of the challenges were high cost of offering services when trying to apply cost strategy, the competitors also offered lower fees which attracted some of their customers, they faced imitation of their services and products, faced challenges with the ever changing education policies and economic instability.

4.4.2 Findings in relation to other studies

There are various studies that have been carried out on the competitive strategies used in various firms to gain a sustainable competitive advantage in Kenya. Mbwaya (2007) conducted a study that sought to establish the competitive strategies that were adopted by private primary schools in Nairobi under the 8.4.4 curriculum. The findings from this study were that a good number of private schools widely adopted competitive strategies. The differentiation strategy was the most used while cost leadership and focus strategies were least used. In line with these findings, RGS not only employed the differentiation strategy but also Porter's (1985) generic strategies of cost, differentiation and focus. The RGS also employed the grand strategies like concentrated growth, market development, product development and innovation.

Hussein (2011) also conducted a study that established that Mumias Sugar Company employed competitive strategies. From the study, it was established that Mumias Sugar Company used product development through the branding of its sugar and innovation through production of bagasse and ethanol. On the other hand, it was also established from this study that RGS employed all the Porter's generic strategies and a few grand strategies to gain a sustainable competitive advantage. The study on Mumias Sugar also showed that it faced challenges in implementation of competitive strategies. The study on RGS also established that it employed product development through its offering of extracurricular activities. RGS also adopted the innovation strategy by employing the use of technology in teaching and in its daily operations.

Onyango (2011) and Mauti (2010) also conducted similar studies on the competitive strategies on private secondary schools in Kisumu East District and influence of competitive strategies on the performance of International Schools offering British National Curriculum (BNC) in Nairobi respectively. The findings from these studies showed that private secondary and international schools here adopted marketing, small class sizes, extracurricular activities, lower fees and employed highly qualified and competent teachers. The study on RGS showed that it applied similar strategies too.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The aim of this study was to get an insight into the competitive strategies that had been employed by the Riara Group of Schools to gain a sustainable competitive advantage and the challenges faced by the Riara Group of Schools while implementing competitive strategies to gain a sustainable competitive advantage. This chapter contains a summary, conclusion, limitations of the study, recommendations and suggestions for further study.

5.2 Summary of Findings

5.2.1 Competitive strategies employed by the Riara Group of Schools to gain a sustainable competitive advantage

The study revealed that RGS employed the low-cost strategy in its day to day running of the schools. To achieve this, the RGS management offered competitive and consolidated fees for high quality services. The management of the group of schools not only offered the 8.4.4 curriculum but also other subjects like French, Music, Home Science and P.E just to mention but a few. The schools also offered extras like free exercise books, textbooks and hot lunches to all children. They also offered other services like music lessons, sports activities and international trips at subsidised rates. To maintain a low cost strategy, the RGS also worked within a budget set at departmental levels. The RGS also negotiated for discounts from its suppliers to minimise the cost of acquiring goods and services. They also minimised wastage in their operations through cost cutting measures.

They also invested heavily in information technology to reduce on the cost of communication and general running of the RGS.

The study also established that RGS applied the product differentiation strategy in its operations in a bid to gain a sustainable competitive advantage. It did this through offering more curricular subjects like Music, P.E and Home Science and extra-curricular activities like go-karts, ice skating and horse riding. It also ensured that their performances in National examinations like KCPE and KCSE, and International exams like ABRSM were really good. The RGS also employed highly qualified and experienced teachers and support staff. The study also revealed that RGS only advertised its examination results once in a year but used brochures and word of mouth to reach out to new clients. They also ran a website for the school. The RGS also participated in CSR activities and ensured free communication between its management and the clients through the open door policy.

The study further revealed that RGS also applied the focus strategy. It did this through targeting the middle and upper class clientele. The RGS strived to satisfy the varied needs of this kind of clientele who had unique tastes and preferences. The study also established that the competition within this market segment was insignificant as the RGS was experiencing over enrolment.

RGS also utilised some grand strategies in their quest to have a competitive advantage. They applied concentrated growth strategy by developing and operating educational institutions only. They also applied market development strategy by starting and running Riara University which focused on the undergraduate student market. They also employed product development by engaging in curricular and co-curricular activities. RGS also participated in the innovation strategy by adopting new pedagogical methods of teaching and learning like the use of smart boards. The RGS however had not applied the horizontal integration, joint venture, retrenchment and liquidation grand strategies.

5.2.2 Challenges faced by the Riara Group of Schools when applying competitive strategies to gain a sustainable competitive advantage

The study established that RGS faced various challenges while trying to apply competitive strategies for sustainable competitive advantage. Most of these challenges came from the external environment. For instance, it faced high cost of offering services due to high rates of inflation and fluctuating foreign exchange rates. The RGS also faced a challenge from increased enrolment as many people moved from lower to middle economic class. This put a strain on the available resources which forced the group of schools to open annexes especially for the Riara Road Primary and building of extra classes for Riara Springs Academy.

The RGS also faced challenges from the competition which offered lower fees despite a rise in the living standards. Furthermore, the RGS faced imitation of its services by the competition. There were also cases where teachers and support staff members left RGS and joined competition. Lastly, the RGS also faced challenges from the ever changing government policies on education especially from the Ministry of Education and other stakeholders in the education industry.

5.3 Conclusion

Based on the findings from this study, it can be concluded that the RGS had employed Porter's generic strategies of low cost, product differentiation and focus. RGS also applied some of the grand strategies to ensure that they have a sustainable competitive advantage.

It is also clear that RGS has created a sustainable competitive advantage and is a market leader in the private schools industry. RGS had to also deal with various challenges while trying to employ these competitive strategies.

5.4 Recommendations

Based on these findings, management of private schools need to apply competitive strategies in their day to day running of their institutions which will greatly contribute to their institutions gaining a sustainable competitive advantage. This is because these competitive strategies create some uniqueness in a company that makes it really hard for competition to imitate.

Schools should also strive to appeal to their customers with extra offerings that will make learning more fun and satisfying to the children. Schools should also be aware that there are various challenges that they will face when trying to apply competitive strategies and should put in place measures to mitigate against their effects.

5.5 Limitations of the study

The study focussed on the Riara Group of Schools. Therefore, the findings could not be generalised to other private schools in the industry.

The study was time limiting as the researcher was not able to collect raw data from other intended senior managers and directors of the group of schools. They were very busy with the opening of the schools and the inauguration of the Riara University to grand the researcher an interview.

The school heads that the researcher had hoped would shed light on competitive strategies adopted in classrooms could not also be available for an interview due to their busy schedule. The research was conducted at a time when they were busy registering pupils who were returning back to school after the August holidays.

5.6Suggestions for further research

Further case studies on competitive strategies can be carried out in other private schools not only in Nairobi, but from other areas of the country too. Could be private schools outside Nairobi have other strategies that give them a competitive advantage other than the Porter's generic strategies and the grand strategies.

Further research can also be carried out to establish challenges faced by other private schools when employing competitive strategies for a sustainable competitive advantage. This could be carried out as case studies or as survey among private schools.

Research could also be carried out among private colleges and universities to establish their competitive strategies.

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APPENDICES

APPENDIX A: INTERVIEW SCHEDULE

SECTION A: GENERAL INFORMATION

1. What is your name?
2. What is your position in the company?
3. Would you describe the ownership of the Riara Group of Schools as a sole proprietor, partnership or company?
4. How long has the Riara Group of Schools been in existence?
5. How many schools are under the Riara Group of Schools?
6. What is the enrolment of pupils like in each of the schools in the Riara Group of Schools?
7. How many staff members do you have so far in the Riara Group of Schools?
8. Does your company have a strategic plan? If yes, how long has it been operational?
9. At what level of the organisation are strategies made?
10. Who is responsible for the implementation of these strategies?

SECTION B: PORTER'S GENERIC STRATEGIES

11. COST STRATEGY

i) Who do you consider as your main competitors in the private schools industry? Why?

ii) Do you consider the pricing of your fees or cost of offering services as the best compared to the rates offered by other players in the industry? Explain.

iii) Would you incur high costs to ensure that services offered by your schools are the best in the industry? If yes, in which departments?

iv) Can you name instances where you have negotiated for great discounts from your suppliers to reduce the cost of input?

v) Do you consider your internal operations cost effective? Explain.

vi) Can you explain any technologies you have put in place to minimise cost of service delivery?

12. PRODUCT DIFFERENTIATION

i) Which academic programmes other than those offered by the 8.4.4 curriculum do you offer that makes you unique from your competitors?

ii) Do you offer extracurricular activities that are unique from your competitors? Please name them.

iii) Do you consider your performance in national and international examinations better than that of your competition?

iv) Explain how the style and approach used in learning activities places you at an advantage over your competition.

v) Do you advertise your schools in the print and electronic media? Which other marketing tools do you use to sell your schools?

vi) Can you please name some of the corporate social responsibility activities that you have participated in?

vii) How do you ensure that your customers are satisfied with the services you offer?

viii) Name and explain some of the technologies you have put in place to enhance performance and quality of service in your group of schools.

13. FOCUS STRATEGY

i) Which particular market segment has your company chosen to serve? Please give reasons why you have focused on this market segment.

ii) What are some of the preferences of the particular market segment you have decided to serve?

iii) What do you do to ensure that you have satisfied this kind of clientele?

iv) Which challenges do you face when trying to serve this market segment?

v) Do you face any competition from other players while serving this segment?

vi) What have you done to ensure that you maintain the customer loyalty of this market segment?

vii) Do you always monitor your competitor strategies? Please explain.

SECTION C: GRAND STRATEGIES

14.

i) Does your company employ concentrated growth strategy where it directs its resources on a single product, in a single market, with a single dominant technology?

ii) Do you market the group of schools beyond your target market segment through promotions and advertisements? Please explain.

iii) Do you often make an effort in developing new products and services for your present customers?

iv) Does the group of schools engage in innovation of products and services to keep pace with the ever changing customer tastes and preferences, and a volatile competitive environment?

v) Is it within the Riara Group of Schools long-term plan to acquire other private schools, some of its suppliers or companies that offer the same technology, market or services? If yes, which ones?

vi) Have you ever thought of participating in joint ventures or strategic alliances (which involves sharing licensing agreements with foreign firms) with similar schools in the private schools industry?

vii) Does your company ever experience decreased profits? If yes, have you considered engaging in turnaround or retrenchment strategy?

viii) Would you consider selling part or the whole company to salvage value?

15. CHALLENGES FACED WHEN APPLYING COMPETITIVE STRATEGIES FOR SUSTAINABLE COMPETITIVE ADVANTAGE

Explain challenges you face when applying the following competitive strategies:

i) High cost of maintaining quality.

ii) Attracting and maintaining a large customer base.

iii) Imitation by your competitors.

iv) High turnover of staff members.

v) Increase in the number of competitors.

vi) Meeting conditions set by the industry regulators like the Kenya Private Schools Association (KPSA) and Ministry of Education.

vii) Inability to offer cheaper fees than competitors.

viii) Ever changing customer needs and preferences.

ix) Rapid advance in technology.

x) High inflation and fluctuating interest rates.

APPENDIX B: LETTER SEEKING PERMISSION TO STUDY RIARA GROUP OF SCHOOLS

Leonard Wanjala Wekesa,
D61/7488/2006,
School of Business,
University of Nairobi,
P.O. Box 30197 – 00100,
Nairobi.
22nd August. 2012.

The Directors,
Riara Group of Schools,
P.O. Box 21389 – 00505,
Nairobi.

Through,
Operations Director,
Riara Group of Schools
P.O. Box 21389 –00505,
Nairobi.

Dear Sir/ Madam,

RE: PERMISSION TO USE RIARA GROUP OF SCHOOLS AS A CASE STUDY

My name is Leonard Wanjala Wekesa. I am a Master of Business Administration (MBA) Strategic Management student at the University of Nairobi's School of Business. I have successfully completed my course work and currently embarking on a research project to complete my MBA course.

I have chosen to carry out a research in the area of Strategic Management under the topic: ***Competitive Strategies employed by Riara Group of Schools to gain a sustainable Competitive Advantage.***

I therefore kindly request you assistance in availing yourselves for a face to face interview to gather information and data that will help me complete my study. The information and data will be strictly for academic purposes and strict confidence shall be observed.

Thanking you in advance.

Yours faithfully,

Leonard Wanjala Wekesa
MBA Researcher

Professor Evans Aosa
Supervisor,
University of Nairobi
Business School

APPENDIX C: RESEARCH INTRODUCTORY LETTER

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 22ND AUGUST 2012

TO WHOM IT MAY CONCERN

The bearer of this letter LEONARD WANJALA WEKESA

Registration No D61/7488/2006

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
22 AUG 2012
MBA OFFICE
P.O. Box 30197 - 00100, NAIROBI

IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE