# EFFECT OF COMPETITIVE STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF PRIVATE PRIMARY SCHOOLS IN EMBAKASI SUB-COUNTY, NAIROBI, KENYA

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**THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE OF ST. PAUL'S UNIVERSITY**

**2016**

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## DECLARATION

This project is a product of my own work and is not the result of anything done in collaboration. It has not been previously presented to any other institution. I agree that this proposal may be available for reference and photocopying, at the discretion of St Paul's University.

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1/we confirm that the work reported in this thesis was carried out by the student under my/our supervision.

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**ACKNOWLEDGEMENTS**

I would like to thank God for His sufficient grace during my studies. I will forever be grateful to Him for life and provision of everything that I needed for this document to be complete.

Thanks to my supervisors Dr John Muhoho and Mr Paul Kamaku for tirelessly working with me to make sure that this document meets the University requirements. Not forgetting the input of Rev Aswani, Dr Omagwa and Mr Maweu.

Special thanks to my beloved husband, Joshua Musyoki for his unwavering commitment and inspiration to me. Thanking him also for financial support without which I would not have come this far. Thanks to my children Caleb, Mercy and Moses for cheering me throughout the process of my studies. I would also like to acknowledge my parents too, for their constant encouragement, prayers, wisdom, support and strong belief in education.

Thanks to my friends and fellow students of St. Paul's University for their encouragement and sacrifice during discussions.

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## DEDICATION

This work is dedicated to the almighty God for the wisdom and gift of life that has made me realize and see the conclusion of this research and all those who helped me carry out this research and especially my family members.

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## ABSTRACT

Competitive strategies are measures that an organization puts in place in order to remain relevant in a competitive environment. These strategies are cost reduction, differentiation and focus strategy. These strategies give an organization a competitive advantage if they are applied well in the running of day to day activities of the organization. The general purpose of this study was to investigate the competitive strategies affecting the organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya. The objectives of the study were to examine the effect of cost reduction strategy on organizational performance, to determine the effect of differentiation strategy on organizational performance, and to examine the effect of focus strategy on organizational performance. The study used a descriptive research design. Data was collected by the use of questionnaires. Sampling was done by the use of stratified random sampling method since the population was not uniformly distributed across all the strata where 40 private schools were selected and 3 respondents from each school making a total of 120 respondents. Data was analysed by use of multiple regression analysis to determine the effect of competitive strategies on the organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya. Responses from the questionnaires were tabulated, coded and processed by the use of Statistical Package for Social Science (SPSS) software and then analysed by use of descriptive statistics which include means, frequency distributions, percentages, and standard deviations. The study found out that the schools draw a budget for the full year, issue annual fee guidelines, charge moderately higher fee compared to other schools, hire external auditor services each year and outsource some services. The study also revealed that the schools had distinguished logo colours and values, the calibre of the teachers was excellent, they had adopted technology in their operations, they had a well-distinguished website and had a billboard placed in a strategic location. The study concluded that private primary schools in Embakasi sub-county of Nairobi County use a number of competitive strategies such as; benchmarking for best practices in the education sector; recruitment of highly skilled teachers; and having in place a clear vision that the school pursues and the schools agreed that their performance is generally good and attributed their performance to the competitive strategies adopted by their industry. The study recommends that they should apply differentiation strategy more aggressively by developing aspects of integrated marketing. These would include branding and positioning as key strategies of service differentiation. It is recommended that private primary schools should constantly evaluate their strategies with an aim of staying ahead of the competition. The study further recommends that head teachers should be at the forefront in strategic planning to lead the school into incremental improvement by streamlining the non-value added functions.


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## ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| **FPE** | Free Primary Education |
| **ICT** | Information Communication Technology |
| **KCPE** | Kenya Certificate of Primary Examination |
| **KNEC** | Kenya National Examinations Council |
| **NARC** | National Rainbow Coalition |
| **SPSS** | Statistical Package for the Social Sciences |
| **PPP** | Public Private Partnership |
| **UPE** | Universal Primary Education |
| **RBV** | Resource Based View |

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# CHAPTER ONE
# INTRODUCTION

## 1.1. Background of the Study

Competitive strategies involve the moves and actions that an organization applies to take a lead in an industry and hence beat the competition (Ritika, 2013). The moves could either be offensive or defensive. The competitive strategies must relate to the performance of the organization to make it remain relevant. Porter's generic strategies include cost reduction/leadership, differentiation and focus/niche which can be used by organizations to gain and sustain a competitive advantage. Cost reduction is where an organization strives to give the least price in the market to attract customers, differentiation strategy is where an organization decides to sell goods or services that are different from what is being offered by the competitors while focus is a strategy whereby, an organization concentrates on a select few target clients and produces goods or services that meet their requirements (Grant, 2000). Having competitive advantage means an organization creates value for its customers that exceed the organization's cost of production (Barney, 2002).

Organizations need competitive strategies to overcome the competitive challenges in the environment and to gain a competitive advantage in the industry. Applying competitive strategies will allow an organization to do business in a way that it is able to combat pressure from competitors and at the same time be able to use the internal abilities within the organization to make it more profitable. Organizational performance can be measured by the actual output or results which could be measures like academic performance, financial management, process management, adaptability, effectiveness, efficiency and time management (Hughes & Beatty, 2005). A competitive strategy, therefore, enables an organization to gain a competitive advantage over its rivals and maintain success in the market. An organization that does not have relevant strategies cannot capture the opportunities available in the market and this leads to failure. On the other hand, an

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organization which embraces competitive strategies over its rivals overcomes the competitive forces in the environment (Thompson & Strickland, 2002).

School performance is measured in terms of resource utilization (Norton, Sanderson, Booth & Stroombergen, 2000) conversion of resources into educational outcomes like academic performance, expenditure control, process management, adaptability in a changing environment and the rate of expansion (Cohen, 2006). In Kenya, academic performance is measured through examinations by use of mean scores. Primary schools in Kenya are categorised either as public or private schools. Embakasi sub-county has both public and private primary schools with a total of 198 primary schools divided into 179 private schools and 19 public schools (KNEC database, 2015). The private schools in Embakasi sub-county have been performing well with some of the best schools in the country having a mean score of 419 marks out of 500 marks as can be seen in appendix v, against a national mean of 282 marks in the year 2014.

### 1.1.1. Competitive Strategies

Competitive strategies involve a deliberate move of an organization in choosing a different set of activities to deliver a unique mix of value. These activities, if well-articulated form a basis of competitive advantage in the area of operation. Strategy in itself can be defined as a game plan which the management comes up with for positioning the organization in its chosen market field, allow it to compete successfully while pleasing customers and achieving good business performance (Thompson & Strickland, 2002). The strategy is also the commercial logic of a business that explains why an organization can have a competitive advantage. Porter (2004) outlines three approaches to competitive strategy including; cost reduction/leadership, differentiation and focus/ niche strategy.

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Cost reduction/leadership strategy requires organizations to adopt aggressive and efficient-scale facilities, pursue vigorous cost reductions, and tighten costs as well as overhead controls, avoiding marginal cost accounts and the minimization of operational costs (Porter, 2004). When applying this strategy, an organization strives to have the lowest cost in the industry by use of low-cost inputs, economies of scale, products/process design and low pricing (Johnson, Whittington & Scholes, 2011). Therefore, a low-cost strategy has much to do with reducing the operation costs, using low prices for the products and having a committed workforce which is conscious about product usage (Malburg, 2000). This strategy translates to a profit margin which is higher than the average in the industry. This study endeavoured to determine the effect of cost reduction strategy on organizational performance of private primary schools in Embakasi sub-county.

Differentiation strategy according to Clark (2007) is one in which a product is different from that of one or more competitors in the same industry in a way that is valued by the customers or in some way affects customer's choice. Differentiation of products may be actual or perceived whereby; actual differentiation entails the creation of products which are currently not available in the market. Perceived differentiation strategy, on the other hand, entails taking and carrying out little more work on the part of the company (Porter, 2000). Differentiation is about applying some unique features which make a product look different from the others in the same industry (Johnson *et al.*, 2011). This can be done through brand image, application of technology, having special features or by having a superior service which is not in the industry and hence leading to a higher profit margin (Porter, 1985). This study endeavoured to determine the effect of differentiation strategy on organizational performance of private primary schools Embakasi sub-county.

Focus strategy targets a narrow market segment and concentrates on serving it by offering products that meet the needs of customers and are not served by cost reduction

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or the differentiation strategy (Johnson *et al*., 2011). It is also called a niche strategy. It is hoped that by focusing on one or two narrow market segments and tailoring the marketing mix to these specialized markets; one can better meet the needs of that target market. This strategy is applied when it is not appropriate to use low-cost or differentiation strategy in achieving an organizations' goal. This study endeavoured to determine the effect of focus strategy on organizational performance of private primary schools Embakasi sub-county.

### 1.1.2. Organizational Performance

Organisational performance relates to how successfully organizations apply the use of resources for a particular purpose of performing a function which in return brings about an advantage. Organizational performance may also refer to how a particular request is handled or the act of doing something successfully, using knowledge as distinguished from merely possessing it (Sifuna, 2014). According to Khakata (2014), organizational performance is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development, and expansion of the organization. Organizational performance is what people do in relation to organizational roles and strategies (Noum, 2007).

Organizational performance can be measured by the actual output or results which could be measures like academic performance, expenditure control, process management, adaptability, effectiveness, efficiency and time management (Hughes & Beatty, 2005). A competitive strategy, therefore, enables an organization to gain a competitive advantage over its rivals and maintain success in the market. An organization that does not have relevant strategies cannot outdo its competitors and hence cannot capture the opportunities available in the market. On the other hand, an organization which embraces competitive strategies over its rivals overcomes the competitive forces in the environment (Thompson & Strickland, 2002). In a school set up, organizational performance is

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measured using academic performance like mean scores and enrolment, expenditure control, efficiency and management of processes.

### 1.1.3. Private Primary Schools in Embakasi Sub-County, Nairobi, Kenya

When Kenya gained her independence in 1963, she adopted the British model of education which was 7-4-2-3 meaning seven years of primary schooling, four years of secondary education and two years of advanced secondary education and then three years of university bachelor's degree program. However, this system was replaced by the 8-4-4 model of the American system in the 1980's during president Moi's era of reduction. It, therefore, meant eight years of primary schooling, four years of secondary education and a four year of bachelor's degree program in the university (Ngolovoi, 2006). Great efforts are always made to ensure that an individual goes through the education cycle successfully by achieving high academic results.

When the National Rainbow Coalition (NARC) government came to power in 2003, one of the priorities was to re-avail free educational opportunities to all its citizens in order to meet Universal Primary Education (UPE). This caught many schools unaware as they were not equipped to handle a large number of pupils in terms of physical infrastructure and learning resources Mukudi, (2004). This influx in public schools met teachers unprepared to handle high teacher-pupil ratio; making them unable to meet achievement targets which further led to less personal attention to pupils, difficult classroom control and poor organization of pupils into groups (Oketch & Somerset, 2010). This problem resulted in poor performance in public primary schools in KCPE examinations as can be seen on the national mean on the table below.

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**Table 1.1. National mean**

| Category of School / Year of Examination | Public Primary Schools | Private Primary Schools | Deviation in Mean Scores |
|---|---|---|---|
| 2012 | 244.47 | 277.75 | +33.28 |
| 2013 | 248.79 | 284.43 | +35.64 |
| 2014 | 248.23 | 282.10 | +33.87 |

Source: KNEC database (2015)

As can be seen in the table above, public primary schools have been performing poorer than private primary schools but not with a constant deviation in mean scores. This is something which can form a basis of research in the future as to why there is a fluctuation in the performance.

Embakasi sub-county has both public and private primary schools with a total of 198 primary schools divided into 179 private schools and 19 public schools (KNEC database, 2015). The private schools in Embakasi sub-county have been performing well as can be seen in appendix v, where the highest school in the year 2014 had a mean score of 419 marks out of 500 marks while the national mean for the same year in private schools was 282 marks. Private primary schools are business entities which face competition like any other business. This means there is need to apply competitive strategies in order to increase market share and profitability in a competitive environment. Such strategies also increase their visibility and competitiveness and give the schools a competitive advantage (Barney, 2002) making them appealing to parents, who are the biggest shareholders.

## 1.2. Statement of the Problem

Embakasi sub-county has 179 private primary schools against 19 public primary schools and has been performing well in KCPE with some schools having as high as 419 mean score marks (highest in the country) against the national mean of 282 marks in the year 2014 (appendix v). Prior to the introduction of Free Primary education in Kenya, private



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schools comparably performed poorer than public primary schools (Mwiria, 2004; Eshiwani, 1986). However, there is evidence that private primary schools in the last decade have been performing better than public primary schools. For example; in the 2003 K.C.P.E. results more than 31% of the top 100 candidates came from private schools; in the 2004 K.C.P.E. results, more than 92% of the top 100 candidates came from private schools. In January 2005, 68% of admissions to national schools came from private schools (MOEST, 2005; Ochenje, 2015). According to Ochenje (2015), good academic performance, especially at the primary level (KCPE) is a leading attractor for parents to enrol their children in private schools. Despite the improved performance of private primary schools in Embakasi sub-county, it still remains unclear if such performance is largely attributed to competitive strategies.

Khakata (2014) deduced that an organizational performance is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization. Organizations seek to maximize profits by utilizing engaged organizational resources that are in most cases in limited supply. The desire to continuously generate returns for the foreseeable future is the ultimate goal of any profit seeking entity (Lebas & Euske, 2002). The ability of a company to outperform its competitor depends on competitive strategies which it applies and they could be, cost reduction, differentiation or focus strategies. Generally, organizational performance is measured by current market share within the particular industry in which it operates. Organizational performance in this study looked in the way private primary schools achieve academic performance, controls their expenditures and offer efficient services together with process management.

Sifuna (2014) while studying the effect of competitive strategies on performance of public universities in Kenya, identified that cost reduction affects performance of universities in Kenya through achieving economies of scale, capacity utilization of

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resources, reducing operations time and costs, efficiency and cost control, mass production, forming linkages with service providers, suppliers and other supplementary institutions and mass distribution. Wambua (2014) studied the influence of competitive strategies on performance of private schools in Mavoko District of Machakos County, Kenya and concluded that cost reduction strategy leads to increased productivity, innovative ability and activity since it aids in enhancement of service quality. However, Wambua (2014) looked at focus strategy as a strategic plan and not as a competitive strategy and his respondents were only principals who could have been biased in their views while this study had three respondents namely: principal/head teacher, deputy head teacher and the financial managers of private schools in Embakasi sub-county.

Despite the performance of private primary schools in Embakasi sub-county being a key issue, it is not clear whether competitive strategies affect their performance; it is also an issue of empirical investigation whether the competitive strategies employed by these schools have a significant effect on their performance. Secondly, despite the concept of competitive strategies being a key issue to performance of private primary schools, the link between the two is relatively weak and unexplored considering the empirical studies documented. Hence, the broad question that this study sought to answer is the effect of competitive strategies on organizational performance of primary private schools in Embakasi sub-county, Nairobi, Kenya.

## 1.3. Objective of the Study

The study was guided by both general and specific objectives. These are explained as under;

### 1.3.1. General Objective of the Study

The general objective of the study was to examine the effect of competitive strategies on organizational performance of private primary schools in Embakasi sub-county of Nairobi, Kenya.



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### 1.3.2. Specific Objectives of the Study

The study was guided by the following specific objectives;

i. To examine the effect of cost reduction strategy on an organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya.

ii. To determine the effect of differentiation strategy on an organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya.

iii. To examine the effect of focus strategy on an organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya.

## 1.4. Research Questions

The study was guided by the following research questions;

i. How does cost reduction strategy affect an organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya?

ii. How does differentiation strategy affect an organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya?

iii. To what extent does focus strategy affect an organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya?

## 1.5. Significance of the Study

This study would be important to the policy makers in the public schools as they would be able to know for sure that competitive strategies play a role in shaping their operations and that they affect the performance of their schools. At the same time, they would know which competitive strategies to use in order to counter competition from private primary schools and hence remain relevant. The government as the regulator of organizations in

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the education sector would benefit with the findings of this study as it would be enlightened on the various competitive strategies that institutions can adopt to influence their performance. Information gathered through this study would help the government to formulate policies beneficial in the best competitive strategies in the various sectors in Kenya.

This study would avail information to entrepreneurs who wish to start their own private primary schools guiding them on the strategies to put in place in order to have a strategic advantage over their competitors. This is very significant given that every business is aimed at making profits for the owner. Therefore, this study would be a guidance to those new in the field of education and would clearly show the areas of concentration when it comes to investment opportunities. The results of this study would also be valuable to researchers and scholars, as it can form a basis for further research. The students and academicians would use the results of this study as a basis for discussions on competitive strategies. This study would also be a source of reference material for future researchers on other related topics; it would also help other academicians who undertake the same topic in their studies.

This study was about the competitive strategies adopted by organizations in Kenya to outdo their competitors. It focused on the application of competitive strategies in the private primary schools in Kenya with reference to Embakasi sub-county, Nairobi, Kenya and shows their effect on performance. The study involved collecting data from head teachers/managers, deputy head teachers and financial managers who are policy makers in these schools and have an understanding of competitive strategies. The performance of schools in Embakasi sub-county has been exemplary high compared to other sub-counties and this formed a basis for this study to examine whether the effect of competitive strategies on the performance of these private schools was positive or negative.

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## 1.6 Limitation of the Study

The study restricted itself to selected competitive strategies that are considered tenable within the specified timing and availability of resources during the study. The respondents were the head teachers/managers, deputy head teachers and financial managers of these private schools. Thus, the views of other stakeholders, for example, the teachers, pupils, and parents were overlooked. Finances needed to cover the entire population within Embakasi sub-county were also a limitation and hence the study only involved a sample size of 120 respondents from the target population.

## 1.7 Scope of the Study

Embakasi sub-county is located on the eastern side of Nairobi County, Kenya. It is easily accessible from the city centre by use of public transport. The population of private primary schools in this sub-county is very high (179 schools) compared to only 19 public schools. Three respondents (head teachers/managers, deputy head teachers, and financial managers) from a total of 40 (Target schools) were given a chance to air their views on the effect of cost reduction strategy, differentiation strategy and focus strategy on the organizational performance of private primary schools in Embakasi sub-county. The location allowed for accessibility while the population allowed the researcher to get views of many people within a small area hence having enough information draw conclusions and make generalizations.

### 1.7.1. Research Assumptions

The researcher assumed that private primary schools apply competitive strategies to achieve organizational performance. It was also assumed that the respondents were willing to give true and correct information during data collection. The researcher assumed that the country was stable and that everything normal without interruptions and hence the time frame for data collection will be as stipulated. The researcher assumed that all the resources needed to facilitate data collection was to be available, and that the



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information collected would be a representation of the whole sector for inference and hence could be used for generalization.

### 1.8 Definition of the Terms

**Strategy** in itself can be defined as a game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance (Thompson & Strickland, 2002

**Competitive advantage:** Competitive advantage refers to gaining customers confidence in a product or service in a way that they prefer one product or service more than what is being offered by competitors (Thompson *et al*, 2007).

**Competitive strategies** involve the moves and actions that an organization applies to take a lead in an industry and hence beat the competition (Ritika, 2013).

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# CHAPTER TWO

# LITERATURE REVIEW

## 2.1. Introduction

This chapter looks at the scientific literature previously done by different writers, researchers, and scholars in the field of competitive strategies. The theoretical review and the empirical review capture the critical literature that has a relationship with the variables being investigated in this study. The conceptual framework is drawn to illustrate the relationship between the two variables; the independent (cost reduction, differentiation and focus) and the dependent variable (the organizational performance).

## 2.2. Theoretical Review

Various theories have been developed with regard to competitive strategies on performance. Some have focussed on the internal factors that give an organization competitive advantage while others have focussed on the external factors.

### 2.1.1. Resource-Based View

The resource-based view (RBV) as a basis for the sustainable competitive advantage of an organization lies primarily in the application of an organization's resources and capabilities that it possesses. The resources could either be tangible or intangible and they may include; human capital, financial resources, physical resources and organizational resources which are at the organization's disposal while capabilities describe the organization's ability to manage people to gain competitive advantage. The resource-based view argues that any organization which possesses certain key and unique resources has the potential to unlock competitive advantage. In order for an organization to gain from the human capital at its disposal, it has to invest in training the employees and retaining them to gain experience, judgement, and intelligence.

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From a resource-based view of the organization, competencies, and capabilities of the organization are given more focus as opposed to external forces. It emphasizes the importance of taking a close look at the internal structures of an organization and its resources in order to understand how competitive advantage is determined by organizations (Wernerfelt, 1984). From this perspective, the internal environment of an organization, in terms of its resources and capabilities, is the critical factor for the determination of strategic advantage (Hint *et al*, 2004) developed a framework for the identification of the properties of an organization's resources needed for the generation of a sustainable competitive advantage. The framework determines whether the resources are valuable, rare among an organization's current and potential competitors, imitable, and non-substitutable which make them strategic assets.

The RBV can be depicted as an "inside out" process of strategy formulation where concentration is given to internal processes of the organization. The emphasis of the RBV approach to strategic management decision-making is on the strategic capabilities as the basis for superiority of the organization rather than attempting to constantly ensure a perfect fit within the environment. Capabilities are vulnerable and can be competed away by a competitor's higher order capability and can also suffer from obsolescence or substitution. Hall (1992) identified the relevant intangible assets as know-how, product reputation and culture as the main contributing factors to the overall success of an organization.

Grant (2010) developed a practical framework for a resource-based approach to strategy consisting of the identification of resources and capabilities. It addressed their potential for achieving a competitive advantage and gain returns, the selection of strategy and the identification of resource gaps. An organization can increase the possibility of creating a competitive advantage through diversifying its resources and capabilities. This leads to benefits that last until competitors imitate its' key resources but this can be restored

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through the creation of new opportunities that result in new entry barriers (Ogbona & Harris, 2003). This study strived to reveal how the reductions of operational costs safeguard organizational resources as a form of competitive advantage affect performance. In addition, the adoption of differentiated products which owes to the ability to utilize the available resources was examined to reveal their connection with organizational performance.

### 2.1.2. The Contingency Theory

The contingency theory is based on the fact that organizations cannot be managed by one-size-fit-all approach but should work out unique managerial strategies depending on the particular condition or situation that they are facing (Donaldson, 2001). The most effective organizational structural design is where the structure fits the contingencies. The three core elements of structural contingency theory are the environment, the organizational structure, and organizational performance. Burns & Stalker (1961) put forward the statement that "organic organizational structures are more successful in dynamic environments whereas mechanic structures are to be used in a stable environment". The key element of structural contingency theory is that organizational performance results from a fit between characteristics of the structural organization and environmental aspects (Donaldson, 2001). There is no "one best way" for organizational structure.

While contingency theory can be applied to a number of organizational characteristics, structural contingency theory focuses on the study of organizational structure. The interaction between reduction style and situation predicts the effectiveness of reduction behaviour. In other words, both types of reduction behaviour can be effective, but the situation in which the leader operates determines whether one type of behaviour will be more effective than the other. Fiedler further introduced the dichotomy 'task oriented' vs. 'relationship-oriented' to explain the different situations of reduction. The leader's



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personality and the environment or situations he/she operates from are important in effective reduction. It allows the leader to analyze a situation and be able to determine the variables that affect decision making.

The goal of an organization will greatly depend on the employee's ability to achieve it, the level of technology in the organization, the structure and the task at hand (Schoech, 2006). The goal of any organization is to make profits and this can be achieved by a keen consideration of both internal and external contingencies. Internal contingencies involve the task to be achieved, whether it is structured or not, the kind of resources to be used and the reduction styles. The external contingencies include the political forces, technological effect, government regulations and the general public. All these contingencies have an effect on organizations performance and this is why every organization should come up with a formula that will work best for it given the situation at hand. This study sought to reveal how organizational responses to the environment in terms of customer's identification as part of a focus strategy affect performance.

### 2.1.3. The Agency Theory

The agency theory stresses the importance of a mutual understanding and an excellent relationship between shareholder(s) "Principal" and the management or CEO "Agent" of an organization. This helps in ensuring that the organization achieves its goal of being successful in the field it is operating from (Ologbo, Oluwatosin & Kwakye. 2012). The Principal-Agent model was earlier applied to sharecropping, where the landowner was the Principal and the tenant farmer was the Agent. In this study, we will look at a school set up where the manager is the Agent while the parents are the Principal. The idea behind this model is that the principal is too busy to run the day to day business and, therefore, ends up delegating some of their responsibilities to somebody else and look for ways of rewarding them or sharing some incentives with them. Incentives will be used to refer to the link between rewards and efforts. This model concerns itself with not only

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managing the incentives of individuals but also managing the incentives of the organizational units.

A CEO or Agent's contribution to the organization is the creation of wealth for the shareholders through appreciation of the organization's stock price (Jensen & Meckling, 1976). For the agent to be productive, he must take actions that increase shareholder's value by paying attention to their interests. This can be done by cutting down on production costs or by increasing sales. Once this is achieved, the shareholders have no choice but to offer incentives to the agents for the job well done. An organization is operated to meet the relevant marginal conditions with respect to inputs and outputs, thereby maximizing profits or present value.

However, there are problems which arise between the agent and the principal. This happens because they are both pursuing different interests whereby the agent is expected to increase profits while using minimum resources. These agency problems arise because it is not possible to sign a contract for every possible action of an agent whose decisions affect both his own welfare and the welfare of the principal (Brennan, 1995). For example, the upper management may be more interested in benefits and privileges which they will gain other than maximizing profits and taking activities that are logical. To rectify this, principals can sign a contract that requires the agent to take costly actions that are in the interest of the principal without monitoring them. Agency costs, which can be defined as the sum of monitoring costs, bonding costs, and residual can also be seen as another form of agency problems where the shareholders may look at the costs as a reduction of their profits. This study sought to determine the effect of involvement of schools management in the determination of cost strategies aimed at reducing operational costs so as to improve performance.

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## 2.3 Empirical Review

Porter (2008) identifies five external forces of competition that affect an organization's performance as fierce rivalry among existing members, the threat of new entrants, threat of substitute goods, power of suppliers and power of buyers. He argues that understanding these external forces that shape a sectors competition is the basis for developing a competitive strategy. If the forces are extreme, no organization can earn high returns on investment but if the forces are minimal, most of the organizations will make profits. The composition of the five forces varies from one industry to another and therefore for schools to perform, they will need a strategy that is different from the other organizations.

However, an organization can come up with ways of counteracting these forces in a way that will lead to competitive advantage. For example, to counter the supplier power, an organization may be required to standardize specifications so that they can be able to switch from one vendor to another. To counter the customer power, an organization will be required to expand their services in a way that will make it hard for customers to leave for a rival. Countering price competition, an organization must invest heavily in products that are different from what the competitors are offering so that they can determine their own prices without being controlled by the market prices. By increasing the fixed costs of competing, an organization will have dealt with the issue of new entrants in the market. Finally, to counter the threat of substitute goods, an organization will have to offer better value by offering a variety of products and making them available to customers.

Generic strategies include cost reduction strategy, differentiation strategy and focus strategy. These are the strategies which help an organization to have a competitive advantage over competitors. An organization is mostly concerned with the amount of competition within its industry hence striving to make use of the resources available in order to minimize costs and increase production. He argues that low-cost and



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differentiation are different from each other and, therefore, should not be related to one another. Managers, therefore, should develop and choose strategies by first identifying the competitive pressures that exist within the organization, measuring the strength of each strategy and gaining an in-depth understanding of the sector's competitive structure (Sifuna, 2014).

With the knowledge about intensity and power of competitive forces, organizations can then develop options to affect them in a way that improves their own competitive position. To survive competition, organizations must, therefore, come up with their strategies which suit the dynamic environment where they are operating from. The strategy selected if well implemented is able to change the impact of competitive forces on the organization. The aim of choosing the generic strategies is to reduce the power of competitive forces that are always found in a business environment (Wambua, 2014). An organization is said to have a competitive advantage over its rivals if it can sustain profits that are above the average for the industry.

A competitive strategy exists when an organization is able to deliver the same products as its competitors but at a lower cost without compromising on quality (cost reduction strategy), deliver products that are different from those of competitors in a way that is valued by customers (differentiation strategy) and be able to focus on a certain market segment and meet the needs of clients in that segment (focus strategy). These competitive strategies enable an organization to create superior products for its customers and make profits for it. Therefore, to gain a competitive advantage over competitors, there is a need for an organization to understand the industry it is operating from and use smart strategies which will out do the competitors (Wambua, 2014). Smart strategies will help an organization develop products that will attract customers to it and hence make profits.

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### 2.3.1. Cost Reduction Strategy

A cost reduction strategy is a one used by organizations to make them leaders in cost such that they have the lowest prices in the industry which attract customers to their products. The advantage of cost reduction strategy to an organization is its protection from new entrants by making the prices unattractive. Cost reduction can be achieved through mass production, process innovations, mass distribution, reengineering activities and economies of scale or by lowering the production and operations costs (Sifuna, 2014). Access to cheap raw materials, cheap labour and use of technology is also another way in which an organization can apply to become a cost leader. Organizations can achieve cost reduction by obtaining a large market share instead of sacrificing their revenue. Being a low-cost leader gives an organization above average returns in its industry despite the presence of strong competitive forces and protects it from rivals.

A low-cost position protects an organization from powerful buyers who can exert pressure only to drive down prices to the level competitors in the industry. The low-cost position also protects the organization from powerful suppliers by making it more flexible to cope with input cost increases. The low-cost position also provides entry barriers to new competitors by use of economies of scale or cost advantages. It also places the organization in a favourable position in relation to substitutes relative to its competitors in the industry hence protecting the organization against all five competitive forces because bargaining continues to erode profits.

Cost reduction is achieved by making sure that overall costs are lower than those of competitors. Organizations that achieve low-cost reduction make their products cheaper than those of competitors hence attracting more customers. Low-cost reduction requires organizations to be better than their rivals in efficiency, time management, use of technology, use of the balanced scorecard in operations and apply innovations on their day to day activities. When an organization designs products that are cheaper than those



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of their competitors, they can be said to carry a cost reduction strategy effectively (Brooks, 2010). However, it is risky to stick to cost readership because competitors may choose to apply the use of technology and come up with better products whereby customers will not care about the price as long as the product is superior to what they are used to (Wambua, 2014).

Private schools undertake to follow cost strategy by striving to incur the minimum amount of operational costs. This enables them to improve their financial performance by significantly reducing on expenditure. The adoption of technology in most private schools enables them to improve their organizational processes thus gaining from the improved organizational performance. Incorporation of technological platforms in the learning process improves on implementation and execution leading to better performance. They can also apply cost reduction by outsourcing services which are not core to their business and hence be left with enough time to concentrate on the key issues of performance.

Wambua (2014) studied the influence of competitive strategies on the performance of private schools in Mavoko District of Machakos County, Kenya. It was established that the adoption of cost reduction strategy affects the performance of private schools. In essence, cost reduction increases productivity, ability to be innovative and lastly it enhances service quality hence leading to better performance.

### 2.3.2. Differentiation Strategy

Differentiation strategy is one in which an organization offers products or services in the industry which are perceived to be unique or have features that are valued by the customers. For differentiation to be successful there is the need to study the buyers' needs and behaviour in order to learn what they consider important and valuable. The desired



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features are then incorporated into the product to encourage buyer preference for the product. The value added by the uniqueness lets the organization to set up the prices without fear of losing customers. Once differentiation is achieved, it creates a strategy for earning above average returns in an industry because it creates a defensible position for coping with the five competitive forces. The advantage of differentiation is that perceived quality and brand loyalty protects a company from threats from any of the five external forces that determine the state of competition in an industry.

A majority of private schools endeavour to provide quality and unique services and learning facilities in comparison to public schools. This is a form of differentiation in terms of offered products that in turn improves on organizational performance. The provision of unique products at a premium by private schools attracts higher school fees as customers are able to attain satisfaction from the offered products thus leading to higher organizational performance.

Reche, Bundi, Riungu, & Mbugua (2012) in their study on factors contributing to poor performance in Kenya certificate of primary education in public day primary schools in Mwimbi division, Maara District, Kenya, found that good performance is realized when parents see the need to work in consultation with the teachers in order to understand their children better. The study also found that teaching resources and learning materials had a positive effect on performance making the learning of subjects like social studies very abstract to the pupils and could be a factor contributing to poor performance in national examinations.

Wanjiru (2009) on the study on competitive business strategies and firm performance in commercial banks in Kenya established that; the various strategies adopted by Kenyan commercial banks so as to cope with the ever dynamic competitive environment include; vigorous pursuit of cost reductions; providing outstanding customer service;



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improvement in operational efficiency, targeting of specific market segment or niche as well as the provision of specialty products and services. The study results showed a significant relationship between commercial banks strategies and respective performance.

Wachira (2014) examined competitive strategies and performance of financial sector companies listed on the Nairobi Securities Exchange. Research findings showed that majority of the firms endeavour to tailor their products and services so that they can meet specific clients requirements and adjusting of commodities prices so as to align with specific market segments. This is in line with Porter (1998), that organizations ability to outperform their competitors depend on factors that entail; ability to take advantage of market activity trends, ability to capture and protect the unfair share of markets, ability to capture premium pricing, prudent creation and lastly the introduction of new products.

### 2.3.3 Focus Strategy

Focus strategy involves targeting a buyer group, a particular market segment or a geographical location of customers. It means serving the segment more efficiently and effectively than the competitors. Focus strategy also means either an organization is achieving cost reduction or a differentiation strategy aimed towards a narrowly focused market. The organization applying focus strategy may earn high returns in the industry as opposed to competitors. The advantages of focus strategy include having power over customers by staying close to them and monitoring their needs (Porter, 1980). It can also be used to select targets which are least vulnerable to substitutes or where competitors are not so strong.

Private schools normally target particular market segments especially the middle class who can afford to pay much higher school fees in order to enable their children to obtain a quality education. They may also choose to target a certain geographical location where

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there are people who are ready to buy their idea and pay for the services being offered. Private schools also tend to target a certain group of pupils who have special characteristics for instance special needy pupils and consequently concentrate on offering products that suit them. This, in turn, improves on their organizational performance as normally competition levels in such instances are considerably low.

Nyagosia (2011) on his study on determinants of differential Kenya certificate of secondary education performance and school effectiveness in Kiambu and Nyeri counties, Kenya, noted that, in comparison to low-performing schools, top performing schools were putting more emphasis on instructional reduction, focus on school mission and vision, safety and orderliness of schools, expectations for success, home-school relations, and opportunity to learn for students. Top performing schools were characterized by teachers keeping updated professional documents, a climate conducive to teaching and learning, keeping students focused on their core business in school, giving students a high expectation for high performance, involving parents in student's discipline, and teacher commitment characterized by regular attendance and punctuality.

Ochenje (2015) on her study on factors contributing to the current organizational performance of both private primary schools and public primary schools: a case of Kitale municipality, Kenya acknowledged that a variety of factors lead to either high or low organizational performance but no single factor could be identified on its own. However, it came out clearly that most of the parents who took their children to private primary schools were average income earners or the middle-class group like; nurses, teachers, farmers, businessmen, pastors mechanics drivers carpenters masonry, civil servants etc. In addition, private schools sponsored good performing pupils from a poor family and one private school was mainly rehabilitating street children by education and provision of other basic needs.

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**COMPETITIVE ADVANTAGE**

| **COMPETITIVE SCOPE** | Lower Cost | Differentiation |
|---|---|---|
| Broad Target | 1. Cost Leadership | 2. Differentiation |
| Narrow Target | 3A. Cost Focus | 3B. Differentiation Focus |

**Figure 2.1: Porter's Generic Strategies**

## 2.4. Organizational Performance

The ability of a company to outperform its competitor depends on competitive strategies which it applies and they could be, cost reduction, differentiation or focus strategies (Porter, 1998). An organization is said to have performed from the outcomes of all its operations which it undertakes. Generally, organizational performance is measured by its market share within the particular industry in which it operates and its profitability (Sifuna, 2014). Organizational performance is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development, and expansion of the organization (Khakata 2014). Organizations seek to maximize profits by utilizing engaged organizational resources. It is the outcome of all the organizations operations and strategies and the extent to which an individual meets the expectations of customers.

A balanced scorecard introduced by Kaplan and Norton (2011) is a realistic measure of performance of an organization. The balanced scorecard provides a framework for organizing strategic objectives into the financial perspective of the organization in line with the vision and mission. It tries to link financial items, customer service and satisfaction, learning and growth within the organization and internal business processes

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(Sifuna, 2014). Once these linkages are achieved, an organization achieves strong financial results and superior customer satisfaction leading to high performance in the industry.

Barney (2002) linked organization's competitive strategy to performance and found that high performers are differentiated from their competitors by their consistency in developing and maintaining competitive strategies. According to Porter (1998), the ability of an organization to outperform its competitors depends on five major factors which include; the ability to take advantage of market activity trends, ability to capture and protect the unfair share of markets, ability to capture premium pricing, prudent creation, and the introduction of new products. This entails having the human resource, processes and technology that are excellent in execution. The education system in Kenya is examination oriented and a schools performance is academic in nature. The quality of education is seen in terms of the number of students passing national examinations (Eshiwani, 1993). There exists a positive relationship between competitive strategies and organizational performance (Wambua, 2014). In this study, organizational performance was measured in terms of academic performance, expenditure control, efficiency and process management.

### 2.5 Research Gap

Sifuna (2014), in her study on the effect of competitive strategies on performance of public universities in Kenya, realized that cost reduction affects the performance of universities in Kenya through achieving economies of scale, capacity utilization of resources, reducing operations time and costs, efficiency and cost control, mass production, forming linkages with service providers, suppliers and other supplementary institutions and mass distribution. However, it is not clear whether these benefits will be experienced by private schools in Embakasi sub-county.

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Nthenya (2014) studied competitive strategies and performance of the large Kenyan media houses. Study results showed that the media houses adopt differential pricing of their offered diverse products and services. In addition, they also offer tailor made promotions so as to suit specific people and localities by segmenting their markets. This, in turn, helps them to reach out to many members of the public.

Getembe (2012) studied the relationship between competitive strategies and performance of chartered private universities in Kenya. Research findings showed that there is a positive relationship between the adopted competitive strategies and performance. Specifically, the strength of the association was not only positive but also strong on the adopted differentiation and cost reduction strategies.

As it can be seen from the various studies above, the studies have concentrated on competitive strategies and performance in Kenyan universities and media houses. This study therefore seeks to build new knowledge on the effect of competitive strategies on organizational performance of private primary schools in Embakasi sub-county of Nairobi, Kenya.

### 2.6. Conceptual Framework

The conceptual framework is a diagrammatical representation of the relationship between the research variables. In this study, the conceptual framework looked at the effect of competitive strategies (cost reduction, differentiation and focus) which are the independent variables on organizational performance (academic performance, expenditure control, efficiency, and process management) which form the dependent variable in private primary schools.

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**Independent variables(s)** **Dependent variable(s)**

**Competitive strategies**

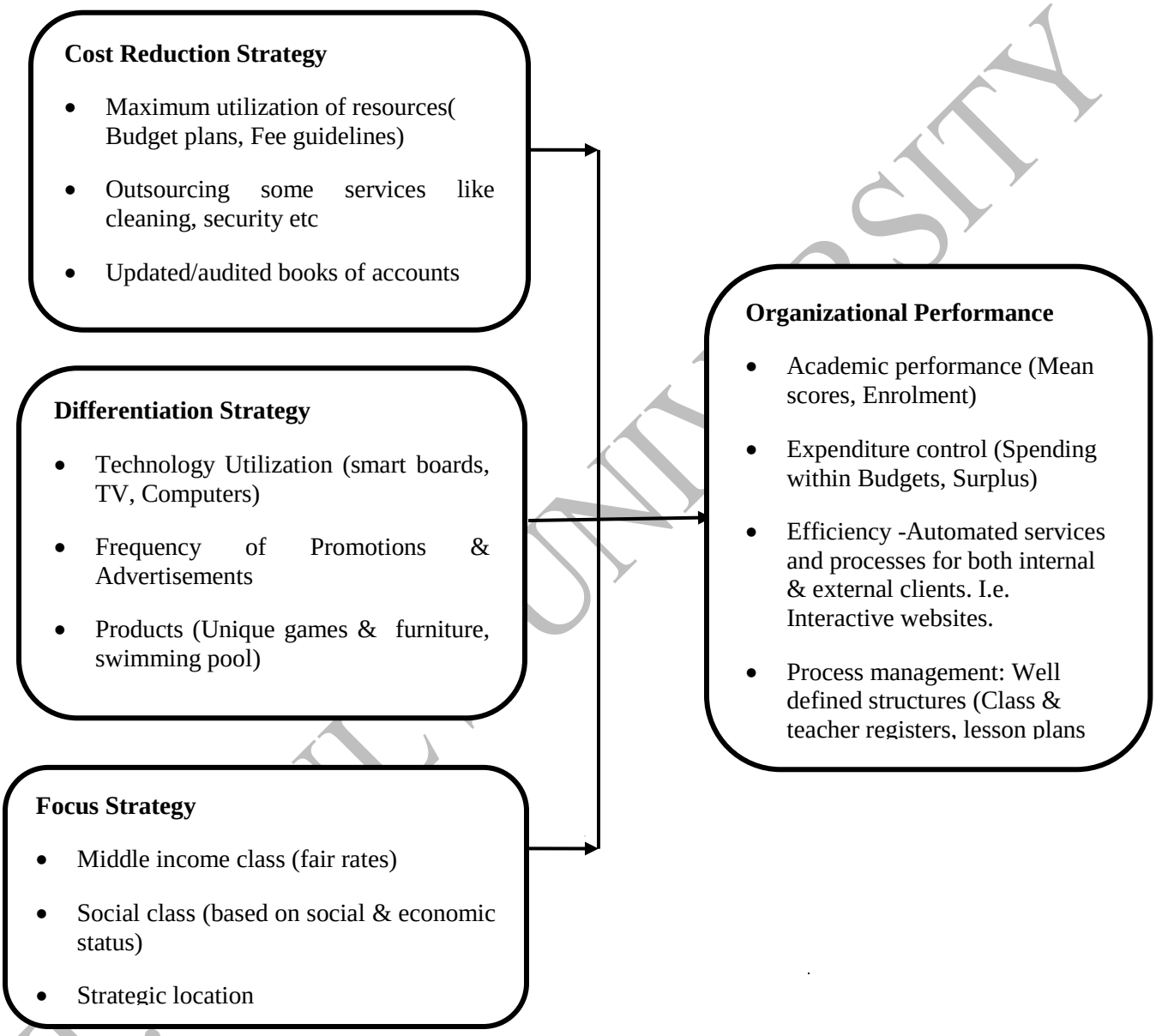



**Figure 2.2: Conceptual Framework**

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Cost reduction strategy is where an organization focuses on having the lowest price for its products in the industry and hence gains the competitive advantage over its rivals. In this study, cost reduction will be focussed on how a school maximizes the utilization of resources and offers discounts to clients who pay in the beginning of the year.

Differentiation strategy is where an organization produces products that are different from those of one or more competitors in a way that is valued by the customers or has some unique features. It can be achieved by the use of technology by applying things like computers, internet connectivity, having TV's in classes, strategic plans, and promotions.

Focus strategy is where an organization concentrates on a select few target markets. The market can be segmented by social class or the level of income and strategic location.

Organizational performance, on the other hand, refers to the ability of an organization to do something successfully to gain a competitive advantage in the industry. In this study, organizational performance will be looked in the way a school achieves academic performance, controls its expenditures and offers efficient services together with process management.

## 2.7 Summary of the Literature Review

This chapter reviews literature on the research study with the first section exploring the theoretical framework. The chapter also explored the empirical review and conceptual framework showing the relationship between the dependent and the independent variables and identified the research gap that the study sought to fill.

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# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1. Introduction

This chapter describes the research design methods and procedures which were used in collecting and analyzing data. It includes research design, the population, target population, sampling design and sample size. The method and procedures used in collecting data were discussed in depth. The validity and reliability of data collection instruments employed to test the instruments so as to ensure consistency of the findings.

## 3.2. Research Design

The study was a descriptive research design. Descriptive research design is suitable in describing the characteristics of a population or phenomenon being studied, (Gay *et al*., 2006). This design focused on a subset of the population, which is, private schools in Embakasi sub-county at a particular point in time. The goal of the researcher was to describe, predict and explain situations in Embakasi sub-county. This research design is highly accurate and valid in its representation of the variables and does not determine any link on the cause and effect of the variables. It deals with the 'what' 'why' 'where' 'who' and "how" characteristics of the population or situation being studied. The descriptive design mainly relies on quantitative data which is suitable for frequencies, averages, and other statistical calculations, (Shields, *et al*, 20 06).

The descriptive design allowed for the collection of data on many variables at a time. The approach is suitable for it allows for generalization of findings in the study, (Cooper & schnidler, 2008) .The design was selected because of it reliability and accuracy of varied accounts of a group or individual characteristics in data collection. The descriptive research design allowed selected group or individuals to be asked and answer questions

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in the questionnaires hence deeper understanding is achieved which can be used for generalization.

### 3.3. Population

Population refers to an entire group of individuals, events or objects having common observable characteristics (Mugenda & Mugenda, 2003). The population may be categorized in terms of gender, age, geographical location or any other characteristics. For the purpose of this study, the population included the head teachers, deputy head teachers and financial managers forming a total of 537 people (from 179 schools) who are involved in the strategic formulation in private schools within Embakasi sub-county of Nairobi, Kenya.

### 3.4. Target population

The target population is that population to which a researcher wants to generalize the results of a study (Mugenda & Mugenda, 2003). The target population of this study was 537 respondents from 179 schools within Embakasi sub-county of Nairobi county, Kenya comprising of head teachers, deputy head teachers, and financial managers who are involved in the strategic formulation. They were chosen because they are knowledgeable in strategic planning and implementation.

### 3.5. Sampling Design and Sample Size

A sample is a smaller group or sub-group obtained from the accessible population (Mugenda & Mugenda, 2003). This subgroup is carefully selected to be representative of the whole population with the relevant characteristics. Sampling is done because sometimes it is not possible to access the total population and therefore the findings from the sample are used to generalise the results as representing the total population. The study used proportionate stratified random sampling method since the population was not



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uniformly distributed across all the strata and it enabled generalization of a larger population with a margin of error which is statistically determinable (Mugenda & Mugenda, 2003).

Cooper and Schindler (2003) argue that a sample size of between 10-30% of the target population can be adequate for generalization of the research findings to the study provided the sample is scientifically determined. For the purpose of this study, a sample size proportion of 20% of schools was used to determine the number of schools to be accessed. The schools were clustered according to the number of students (appendix v) then a sample of 20% from every cluster was selected to form the target population of the schools as can be seen in the table below. Sample sizes of (20%) of the schools were selected forming a total of 40 target schools. From the target schools, three respondents (the principal/head teacher, deputy head teacher and the financial manager) were selected to make a total of 120 respondents.

**Table 3.1:Sample Size of schools targeted**

| No. Of students in a School. | Target population of schools (see appendix v) | Sample size (20%) of schools | Number of respondents from sample schools (x3) |
|---|---|---|---|
| 20 and below | 14 | 3 | 9 |
| 11-20 | 59 | 12 | 36 |
| 21-30 | 44 | 9 | 27 |
| 31-40 | 30 | 7 | 21 |
| 41-60 | 12 | 3 | 9 |
| 61-99 | 12 | 3 | 9 |
| 101-199 | 5 | 2 | 6 |
| 200 and above | 3 | 1 | 3 |
| **Totals** | **179** | **40** | **120** |

### 3.6. Data Collection and Procedures

The study used primary data which was collected by use of questionnaires. Saunders, Lewis, and Thornhill (2009) argue that questionnaires are the best for collecting factual

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data and that they enable timely collection of data over a large area. The questionnaire had likert questions, short closed ended questions as well as some open-ended questions which were administered to the respondents to collect quantitative data. The questions were short, precise and easy to quantify. Quantitative data is used to describe a type of information that can be counted or expressed numerically (Shields *et al*, 2013).

The researcher wrote letters to all the schools which were involved in the study explaining the purpose of the study and they were delivered in good time. The data collection procedure was 'drop-and-pick-later' method for the questionnaire. This was done by the researcher assisted by two assistants who both distributed the questionnaires to schools and then collected them later after they are answered. The approach was suitable as it allowed the respondent's time to answer the questions and to seek clarification where necessary.

### 3.7. Validity and Reliability

Validity and reliability are tests done on the data collection instruments to ascertain that the research can be relied on.

#### 3.7.1 Validity

Validity is the degree to which a questionnaire reflects reality or it measures what it is meant to measure. The objective of validity is to ensure that the scale (each item or question of the questionnaire) measures what it is supposed to measure. Validity has two parts: internal and external. Internal validity measures whether the results of the study are real given the way the groups were selected, data was recorded or analyzed. External validity involves whether the results given by the study can be generalized to other groups of interest (Last, 2001).

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### 3.7.2 Reliability

Mugenda and Mugenda (2003) defined reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. An instrument is reliable when it can measure a variable accurately and obtain the same results over a period of time without changing the variables. The data collection instruments i.e. questionnaires and observations are reliable since they have been tested over time and hence can be relied on.

According to Kombo & Tromp (2006), reliability is the measure of consistency by which an instrument of research is able to measure the characteristics of a given phenomenon. The reliability concept captures the reproducibility of the results and conclusions in case the same topic is studied again. Reliability test minimizes the errors of biases that may occur during data collection and analysis. A sequence of the underlying activities in any research study is important where all procedures have been followed. Reliability is measured numerically by the help of an instrument called the Cronbach's alpha. A coefficient of 60-90 (low and high respectively) is acceptable and indicates almost same responses depending on the variable in question. Reliability at 0.7 is probably most acceptable in social research when measuring internal consistency and relationships of variables.

## 3.8. Data Analysis and Presentation

Data analysis refers to examining what has been collected in a study and making deductions and inferences, (Kombo & Tromp, 2006). The data collected was coded and checked for errors and omissions before analysis (Cooper & Schindler, 2003). Responses from the questionnaires were tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) program. Multiple regression analysis (standard) and descriptive statistics (Means and standard deviation) were used to analyse the data. For multiple regressions, the statistical significance of variations between the



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specific components of independent variable and the dependent variable was of great importance to the researcher.

Data was then presented using tables, charts and graphs. Tables are helpful to a user who might look up for specific numbers while charts (that is, pie charts) help in explaining the quantitative messages contained in the data. This presentation was in line with research objectives, research questions, and the literature review. The multiple regression function for the study was: $Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon$

Where: Y = Organizational performance +

$\beta_0$ = Constant Term

$\beta_1$, $\beta_2$, and $\beta_3$ = Beta Co-efficients of the independent variables

$x_1$= Cost reduction

$x_2$= Differentiation

$x_3$= Focus

$\varepsilon$ = Error term

### 3.9. Ethical issues

Ethics or moral philosophy is the branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong conduct (Marianna, 2011). Ethical issues were taken care of in this study; the respondents were given a choice to voluntarily participate in this research by filling in the questionnaire and also participating in interviews as it may be deemed necessary for clarifications. The respondents were briefed of their roles in filling in the questionnaire and assured that there was no risk or harm to anyone who participated in the research study. Issues that require privacy and confidentiality were keenly dealt with by ensuring that the



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respondents do not include their names or sign the questionnaire for the purpose of anonymity.

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# CHAPTER FOUR

# DATA ANALYSIS AND INTERPRETATION

## 4.1 Introduction

This chapter presents analysis and interpretation of the study as set out in the research methodology. The study outcomes were presented to examine the effect of competitive strategies on the organizational performance of private primary schools in Embakasi sub-county of Nairobi County, Kenya. The data was collected by use of questionnaires as the research instrument. The questionnaires were in line with the objectives of the study. The findings from the study are presented using descriptive statistics, which included frequencies, percentages, means and standard deviations. The data are presented using graphs and frequency tables.

### 4.1.1 Response Rate

A total of 120 questionnaires were distributed out of which 93 questionnaires were returned giving a response rate of 77.5%. This response was considerable and representative of the population. This response was good enough and representative of the population and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 70% and above is excellent. These findings are well illustrated in Figure 4.1 below.

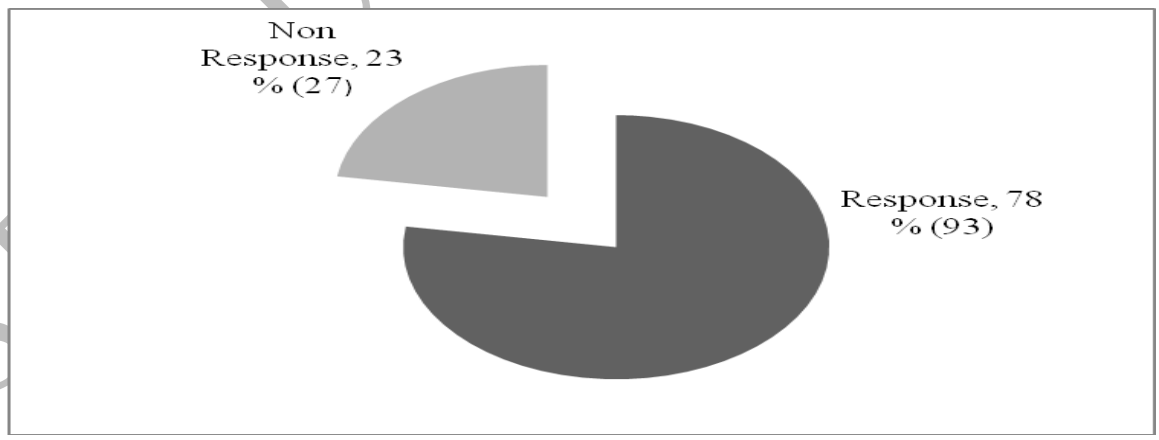



**Figure 4.1: Response Rate**

**Source, Author (2016)**

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### 4.1.2 Pilot Study

A pilot study was carried out to determine the reliability of the research instrument used in the collection of data. The pilot study sampled 10 respondents comprising of head teachers, deputy head teachers, and financial managers selected randomly from Embakasi sub-county of Nairobi county, Kenya. These were not included in the main study. This was to ensure that the instrument collects reliable and valid data. Reliability analysis was subsequently done using Cronbach's Alpha which measures the internal consistency by establishing if certain item within a scale measures the same construct. Gliem and Gliem (2003) confirm the Alpha value threshold as 0.7, which forms the study's benchmark. Cronbach's Alpha was established for every objective in the study which formed a scale.

The findings in Table 4.1 shows that the cost reduction strategy was reliable as exhibited by the high-reliability coefficient value of 0.753, differentiation strategy had a scale of 0.791 and focus strategy had a scale of 0.944. This alpha values were above the stipulated value of 0.70 hence reliable to provide consistent results (Cronbach's, 1951). The findings are shown in Table 4.1.

**Table 4.1: Reliability Analysis**

| Scale | Cronbach's Alpha | Number of Items |
|---|---|---|
| Cost Reduction Strategy | 0.753 | 6 |
| Differentiation Strategy | 0.791 | 5 |
| Focus Strategy | 0.944 | 8 |

**Source, Author (2016)**

## 4.2 General Information

This section shows the respondent's demographic information as regards their gender, a position they hold, the highest level of education, the period they have been working in the current school, the period they have been working in general, period the school has been in existence and number of members of staff in these schools.

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### 4.2.1 Gender Distribution

The respondents were asked to indicate their gender. The study found out that 59% of the respondents were male while the remaining 41% were female. It is clear that the male respondents dominated but still, all genders were represented thus the information collected was reliable for the study. The findings are illustrated below in Figure 4.2.




**Figure 4.2: Gender Distribution**
**Source, Author (2016)**

### 4.2.2 Position Held by the Respondents

The study sought to determine the position held by the respondents in their respective schools**.** From the findings, 46.2% of the respondents were deputy head teachers, 33.3% were principals/head teachers and 20.4% comprised of financial managers. This shows that the respondents played major roles in their respective schools thus the information provided was relevant and reliable for the study. The findings are shown in Table 4.2.

**Table 4.2: Position Held by the Respondents**

| | Frequency | Percent |
|---|---|---|
| Principals/Head Teachers | 31 | 33.3 |
| Deputy Head Teachers | 43 | 46.2 |
| Financial Managers | 19 | 20.4 |
| **Total** | **93** | **100.0** |

**Source, Author (2016)**

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### 4.2.3 Highest Level of Education

The respondents were asked to indicate their level of education. From the findings, majority 34.4% of the respondents had a degree as the highest level of education, 32.3% had a diploma, 14% had a higher diploma and 6.5% had a master's degree, certificate or were untrained. This shows that the respondents had relevant knowledge on competitive strategies on the organizational performance of private primary schools thus the information they provided was relevant for the study.The findings are shown in Table 4.3.

**Table 4.3: Highest Level of Education**

| | **Frequency** | **Percent** |
|---|---|---|
| Untrained | 6 | 6.5 |
| Certificate | 6 | 6.5 |
| Diploma | 30 | 32.3 |
| Higher Diploma | 13 | 14.0 |
| Degree | 32 | 34.4 |
| Masters | 6 | 6.5 |
| **Total** | **93** | **100.0** |

**Source, Author (2016)**

### 4.2.4 Period Working in the Current School

The study sought to determine the period of time the respondents had been working in their current schools. From the findings, majority 46.2% of the respondents had been working in their current schools for a period of 6-10 years, 40.9% for between 0-5 years and 12.9% for between 11-20 years. This shows that the respondents have been in their current schools long enough to understand the competitive strategies they applied in their private primary schools to enhance performance hence provided reliable information for the study. The findings are shown in Table 4.4.

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**Table 4.4: Period Working in the Current Schools**

| | Frequency | Percent |
|---|---|---|
| 0-5 Years | 38 | 40.9 |
| 6-10 Years | 43 | 46.2 |
| 11-20 Years | 12 | 12.9 |
| **Total** | **93** | **100.0** |

**Source, Author (2016)**

### 4.2.5 Period Working in General

The respondents were required to indicate the period of time they have been working in general. From the findings, majority 48.4% of the respondents had worked for a period of between 6-10 years, 19.4% both had worked for 11-20 years and 21-30 years and 12.9% had worked for 0-5 years. This shows that the respondents have been in their work for a longer period of time thus have a clear understanding of the competitive strategies applied by private schools thus provided reliable information for the study. The findings are shown in Table 4.5.

**Table 4.5: Period Working in General**

| | Frequency | Percent |
|---|---|---|
| 0-5 Years | 12 | 12.9 |
| 6-10 Years | 45 | 48.4 |
| 11-20 Years | 18 | 19.4 |
| 21-30 Years | 18 | 19.4 |
| **Total** | **93** | **100.0** |

**Source, Author (2016)**

### 4.2.6 Period the School had been in Existence

The respondents were asked to indicate the period of time their schools have been in existence. From the findings, majority 47.3% indicated that their schools had been in existence for a period of between 10-15 years, 25.8% indicated between 15-20 years, 14% above 20 years and 6.5% both between 0-5-15 years and below 5 years. This shows that the schools had been existence for a longer period hence the information obtained reflect the competitive strategies they have been applying in order to enhance

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organizational performance thus reliable for the study. The findings are shown in Table 4.6.

**Table 4.6: Period the School had been in Existence**

| | Frequency | Percent |
|---|---|---|
| Below 5 Years | 6 | 6.5 |
| Between 5 and 10 Years | 6 | 6.5 |
| Between 10 and 15 Years | 44 | 47.3 |
| Between 15 and 20 Years | 24 | 25.8 |
| Above 20 Years | 13 | 14.0 |
| **Total** | **93** | **100.0** |

**Source, Author (2016)**

### 4.2.6 Number of Members of Staff in the Schools

The study sought to determine the number of staff in the private schools. The study found out that majority 46.2% of the respondents indicated that their schools had above 30 staff members, 20.4% both indicated 10-15 staff members and 15-30 members while 6.5% indicated both 5-10 members and below 5 staff members. This shows that the schools had a large team of staff members able to deliver on the organization's performance thus the information provided was reliable for the study. The finding is shown in Table 4.7.

**Table 4.7: Number of Members of Staff in the Schools**

| | Frequency | Percentage |
|---|---|---|
| Below 5 Staff | 6 | 6.5 |
| 5 - 10 Staff | 6 | 6.5 |
| 10 -15 Staff | 19 | 20.4 |
| 15 - 30 Years | 19 | 20.4 |
| Above 30 Staff | 43 | 46.2 |
| **Total** | **93** | **100.0** |

**Source, Author (2016)**

### 4.3 Cost Reduction Strategy

Several elements of cost reduction strategies in schools were identified and the respondents were required to indicate the extent to which it applied to their schools. A scale of 1 to 5 where; 5=strongly agree, 4=agree 3=neither agree nor disagree, 2=



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strongly disagree and 1=disagree was used. From the findings mean and the standard deviation were calculated for ease of interpretation.

As indicated in Table 4.8, school draws a budget for the full year had a mean of 4.13 with a standard deviation of 1.017, issue annual fees guideline had a mean of 4.46 with a standard deviation of 0.617, school charges moderately higher fees compared to others had a mean of 3.49 with a standard deviation of 1.119, hire external auditor services each year had a mean of 3.22 with a standard deviation of 1.022, offer discounts to parents who pay fees in full at the beginning of the term had a mean of 4.23 with a standard deviation of 0.904 and school outsources some services had a mean of 3.51 with a standard deviation of 1.093.

It can be concluded that the mean ranges from 3.22 to 4.46, where 3.22 indicate that the respondents neither agree nor disagree with the statements while 4.46 shows that the respondents were in agreement with the statements. This finding concurs with that of Wambua (2014) that it is risky to stick to cost readership because competitors may choose to apply the use of technology and come up with better products whereby customers will not care about the price as long as the product is superior to what they are used to.

**Table 4.8: Cost Reduction Strategy**

| | Mean | Std. Deviation |
|---|---|---|
| Our school draws a budget for the full year | 4.13 | 1.017 |
| Issue annual fees guideline | 4.46 | 0.617 |
| Our school charges moderately higher fees compared to others | 3.49 | 1.022 |
| Hire external auditor services each year | 3.22 | 1.119 |
| Offer discounts to parents who pay fees in full at the beginning of the term | 4.23 | 0.904 |
| Our school outsources some services | 3.51 | 1.093 |

**Source, Author (2016)**

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### 4.3.1 Mode of Payment of School Fees

The respondents were required to indicate the mode through which parents use to pay school fees. From the findings, all the respondents indicated that the mode of payment of school fees was mainly deposited to bank/cheque, 33% indicated both M-pesa and bankers cheque and the least 6.5% use cash. The results are shown in Table 4.9

**Table 4.9: Mode of Payment of School Fees**

| | Frequency | Percentage |
|---|---|---|
| Deposit to bank/ cheque | 93 | 100 |
| Cash to school | 6 | 6.5 |
| M-pesa | 31 | 33 |
| Bankers Cheque | 31 | 33 |

**Source, Author (2016)**

### 4.3.2 Books of Accounts

The respondents were asked to indicate the books of account they used in their schools. From the finding in Table 4.10, 73% of the respondents indicated that their school kept updated list of debtors, 92% kept cash register and 79% kept record of liabilities. The findings are shown in Table 4.10.

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**Table 4.10: Books of Accounts**

| | Frequency | Percentage |
|---|---|---|
| Updated List of debtors | 68 | 73 |
| Cash Register | 86 | 92 |
| Record of liabilities | 74 | 79 |

**Source, Author (2016)**

### 4.4 Differentiation Strategy

Several elements of differentiation strategies in schools were identified and the respondents were required to indicate the extent to which it applied to their schools. From the findings mean and standard deviation was calculated for ease of interpretation. The findings are shown on Table 4.11.

From the findings in Table 4.11, school had distinguished logo colours and values had a mean of 4.20 with a standard deviation of 1.264, the calibre of the teachers is excellent had a mean of 4.33 with a standard deviation of 0.595, they had adopted technology in their operations had a mean of 3.76 with a standard deviation of 1.136, they had a well distinguished website had a mean of 3.35 with a standard deviation of 1.434 and they had a billboard placed in a strategic location had a mean of 3.59 with a standard deviation of 1.377.

It can be concluded that the means range from 3.35 to 4.33 where 3.35 indicate that the respondents neither agree nor disagree while 4.33 indicates that the respondents agreed with the statements. These findings are in line with that of Porter (1980) that once differentiation is achieved, it creates a strategy for earning above average returns in an industry because it creates a defensible position for coping with the five competitive forces.

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**4.11: Differentiation Strategy**

| | Mean | Std. Deviation |
|---|---|---|
| Our school has distinguished logo colours and values | 4.20 | 1.264 |
| The calibre of our teachers is excellent | 4.33 | .595 |
| We have adopted technology in our operations | 3.76 | 1.136 |
| We have a well distinguished website | 3.35 | 1.434 |
| We have a billboard placed on a strategic location | 3.59 | 1.377 |

**Source, Author (2016)**

### 4.4.1 School Amenities

The respondents were required to indicate the school amenities which they had in their respective schools. From the findings, 66.7% of the schools had computer labs, 79.6% had internet connectivity, 39.5 had playing fields, 73.1 had school buses, 74.2 had a school library, 25.8 had school farms and 73.1 had permanent buildings. The findings are shown in Table 4.12.

**Table 4.12: School Amenities**

| | Frequency | Percentage |
|---|---|---|
| Computer lab | 62 | 66.7 |
| Internet connectivity | 74 | 79.6 |
| Playing field | 37 | 39.5 |
| School bus | 68 | 73.1 |
| School Library | 69 | 74.2 |
| School farm | 24 | 25.8 |
| Permanent Buildings | 68 | 73.1 |

**Source, Author (2016)**

### 4.4.2 Extra-Curricular Activities Offered

The respondents were asked to indicate the extra-curriculum activities they offer in their schools. From the findings, 74.2% offered music lessons as extra-curriculum activities, 33.3% offered foreign languages, 33.3% offered art, 6.5% offered Taekwondo and 6.5% offered horse riding. The findings are shown in Table 4.13.

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**Table 4.13: Extra-Curricular Activities Offered**

| | Frequency | Percentage |
|---|---|---|
| Music lessons | 69 | 74.2 |
| Foreign Languages | 31 | 33.3 |
| Art | 31 | 33.3 |
| Taekwondo | 6 | 6.5 |
| Horse Riding | 6 | 6.5 |

**Source, Author (2016)**

### 4.5 Focus Strategy

Several elements of focus strategies in schools were identified and the respondents were required to indicate the extent to which it applied to their schools. From the findings mean and standard deviation was calculated for ease of interpretation. The findings are shown on Table 4.13.

From the findings in Table 4.14, schools had targeted a special social setting for their customers had a mean of 3.47 with a standard deviation of 0.879, the identified social class for their school is adequate had a mean of 3.43 with a standard deviation of 1.087, there is provision of hot lunch for learners had a mean of 4.33 with a standard deviation of 0.696, a catchment area within their estates had a mean of 3.88 with a standard deviation of 0.720, Catchments from other estates had a mean of 3.39 with a standard deviation of 1.376 and the school are strategically located so as to attract specific children had a mean of 3.67 with a standard deviation of 1.064.

The mean values ranges from 3.39 to 4.33, where 3.39 indicate that the respondents were neutral while 4.33 indicates that the respondents were in agreement with the statements thus the finding is consistent with that of Porter (1980) that the advantages of focus strategy include having power over customers by staying close to them and monitoring their needs.

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**Table 4.14: Focus Strategy**

| | Mean | Std. Deviation |
|---|---|---|
| Our school has targeted a special social setting for our customers | 3.47 | 0.879 |
| The identified social class for our school is adequate | 3.43 | 1.087 |
| There is provision of hot lunch for learners | 4.33 | 0.696 |
| A catchment area within their estates | 3.88 | 0.720 |
| Catchments from other estates | 3.39 | 1.376 |
| Our school is strategically located so as to attract specific children | 3.67 | 1.064 |

**Source, Author (2016)**

### 4.5.1 Range of School Fees the School Charges

The respondents were required to indicate the range of school fees charged by their schools. From the findings, lower primary 14% charged below Kshs 5000, 33.3% charged between Kshs 5001-10000 and 46.2% charged above Ksh 10000. In upper primary 73.15 charged between Kshs 10,001-20,000 and 26.9% charged above Kshs 20,000. In pre-primary 14% charged below Kshs 5000, 52.7% charged between Kshs 5001-10000 and 33.3% charged above Kshs 10000. The findings are shown in Table 4.15.

**Table 4.15: Range of School Fees the Schools Charges**

| | | Frequency | Percent |
|---|---|---|---|
| Lower-Primary | Below sh5000 | 19 | 17.0 |
| | 5001-10000 | 31 | 33.3 |
| | Above 10000 | 43 | 46.2 |
| | **Total** | **93** | **100** |
| Upper-Primary | 10,001 - 20,000 | 68 | 73.1 |
| | Above 20,000 | 25 | 26.9 |
| | **Total** | **93** | **100.0** |
| Pre-Primary | Below sh5000 | 13 | 14.0 |
| | 5001-10000 | 49 | 52.7 |
| | Above 10000 | 31 | 33.3 |
| | **Total** | **93** | **100.0** |

**Source, Author (2016)**

### 4.5.2 Specific Income Markets the Schools Target

The study sought to determine the specific income market the schools were targeting. From the finding, 6.5% of the respondents indicated that their schools targeted low-income people, 66.7% indicated average income, 33.3% indicated middle income and 12.9% indicated high income. The findings are shown in Table 4.16.

**4.16: Specific Income Markets the Schools Target**

| | Frequency | Percentage |
|---|---|---|
| Low Income | 6 | 6.5 |
| Average Income | 62 | 66.7 |
| Middle Income | 31 | 33.3 |
| High Income | 12 | 12.9 |

**Source, Author (2016)**

### 4.6 Organizational Performance

Several statements on organizational performance were identified and the respondents were required to indicate the extent to which they agree or disagree. From the findings mean and the standard deviation was calculated for ease of interpretation.

From the findings, growing fast had a mean of 3.19 with a standard deviation of 1.244, growing steadily had a mean of 4.13 with a standard deviation of 0.802, declining had a mean of 2.52 with a standard deviation of 1.339, operating on a budget had a mean of 3.52 with a standard deviation of 1.250 and operating below the budget had a mean of 3.27 with a standard deviation of 1.329.

The mean values ranges from 2.52 to 4.13, where 2.52 indicates that the respondents disagreed with the statements and 4.13 shows that the respondents agreed with the statements hence the findings concur with that of Khakata (2014) that organizational performance is a reflection of productivity of members of an enterprise measured in



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terms of revenue, profit, growth, development and expansion of the organization. The findings are shown in Table 4.17.

**Table 4.17: Organizational Performance**

| | Mean | Std. Deviation |
|---|---|---|
| Growing fast | 3.19 | 1.244 |
| Growing steadily | 4.13 | .802 |
| Declining | 2.52 | 1.339 |
| Operating on a budget | 3.52 | 1.250 |
| Operating below the budget | 3.27 | 1.329 |

**Source, Author (2016)**

### 4.7 Regression Analysis

A regression analysis was conducted to determine how cost reduction, differentiation and focus strategy relate to organization performance. The statistical package for social sciences (SPSS) was used to code, enter and compute the measurements of the multiple regressions for the study.

**Table 4.18: Regression Model**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.854 | 0.729 | 0.654 | 1.118 |

**Source, Author (2016)**

Table 4.18 shows a model summary of regression analysis between three independent variables cost reduction strategy, differentiation strategy and focus strategy and dependent variable organization performance. The value of R was 0.854; the value of R square was 0.729 and the value of adjusted R square was 0.654. The adjusted $R^2$ is intended to control for overestimates of the population $R^2$ resulting from small samples, high collinearity or small subject/variable ratios, 72.9% of changes in the organization performance were attributed to the three independent variables in the study. Positivity and significance of all values of R shows that model summary is significant and therefore gives a logical support to the study model.

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**Table 4.19: ANOVA**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 17.886 | 3 | 5.962 | 4.258 | .007[b] |
| Residual | 124.630 | 89 | 1.400 | | |
| **Total** | **142.516** | **92** | | | |

**Source, Author (2016)**

ANOVA statistics of the processed data at 5% level of significance shows that the value of calculated F is 4.258 and the value of F critical at 5% level of significance was 1.96 Since F calculated is greater than the F critical (4.258>1.96), this shows that the overall model was significant.

**Table 4.20: Coefficients**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | .521 | .764 | | .682 | .049 |
| Cost Reduction Strategy | .295 | .124 | .241 | 2.389 | .019 |
| Differentiation Strategy | .181 | .104 | .184 | 1.731 | .047 |
| Focus Strategy | .225 | .100 | .235 | 2.249 | .027 |

**Source, Author (2016)**

From the regression findings, the substitution of the equation:

Y=0.521+0.295+0.181+0.225+0.764

Where Y is the organizational performance, $X_1$ is cost reduction strategy, $X_2$ is differentiation strategy and $X_3$ is the focus strategy and ε is the error factor.

From the findings of the regression analysis if all factors (Cost reduction strategy, differentiation strategy and focus strategy) were held constant, organization performance of the firms would be at 0.521. An increase in cost reduction strategy would lead to an increase in the organization performance by 0.295. An increase in the differentiation strategy would lead to an increase in the organization performance by 0.181. An increase in the focus strategy would lead to an increase in the brand performance by 0.225. Cost reduction strategy had a p value of 0.019; differentiation strategy had p value of 0.47 and

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focus strategy had a p value of 0.27. All the variables were significant as the P-values were less than 0.05, an indication that all the factors were statistically significant.

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# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMEDATIONS

## 5.1 Introduction

This chapter presents the summary of the key data findings and draws conclusions from the findings based on the objectives. The Chapter also presents the recommendations made from the findings. The purpose of this study was to examine the effect of competitive strategies on the organizational performance of private primary schools in Embakasi sub-county of Nairobi, Kenya.

## 5.2 Summary of the findings

This section presents a summary of the findings as per the research objectives and the research questions.

### 5.2.1 Cost Reduction Strategy

The study found out that the schools draw a budget for the full year, issue annual fee guidelines, schools charge moderately higher fees compared to others, hire external auditor services each year and the schools offer discounts to parents who pay fees in full at the beginning of the term and that schools outsource some services. The study also found out that majority of the schools deposit cash/cheque to bank and of the schools maintained books of accounts.

### 5.2.2 Differentiation Strategy

The study revealed that the schools had distinguished logo colours and values, the calibre of the teachers was excellent, they had adopted technology in their operations, they had a well-distinguished website and they had a billboard placed in a strategic location. The study also found out that majority of the schools had the amenities which includes



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computer labs, internet connectivity, playing fields, school buses, school libraries, school farms and permanent buildings. The study also reveal that the schools offer some of the extra curriculum activities that include music lessons, foreign languages, art, 7% offered Taekwondo and horse riding.

### 5.2.3 Focus Strategy

The study also found out that the schools had targeted a special social setting for their customers, they identified social class for their school was adequate, there was provision of hot lunch for learners and the schools are strategically located so as to attract specific children. The study also found out that the schools charged various range of fees to students in pre-primary, lower primary and upper primary and different schools targeted various incomes level.

## 5.3 Conclusion

The study concludes cost leadership strategy if adopted in schools affects their performance and leads to increased productivity, innovative ability and activity since it aids in enhancement of service quality. The study also concludes that application of cost leadership strategies is a challenge to private primary schools. Cost leadership strategy implementation would require one to invest heavily in order to ride on benefits arising from economies of scale. Unfortunately, most of the investors in this industry are sole proprietors as gathered in the general information and they have limited access to funds.

The study concluded that the differentiation strategy affects performance of private schools and that interaction between teachers and students as well as open and flexible learning environment and provision of superior education service promotes school performance. The study further concludes that schools had to benchmark for best practice



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in the education sector, recruitment of highly skilled teachers and had in place a clear vision that the schools pursue. Others include installation of quality facilities such as libraries, books, efficiency and effectiveness in school operations.

The study concludes that the focus strategy affects performance of private schools and that most schools practiced focus strategy as competitive strategic plan. Private primary schools agreed that their performance was generally good and attributed their performance to the competitive strategies adopted within their industry.

### 5.4 Recommendations

The study came up with the following recommendations:

#### 5.4.1 Recommendation for Practice

Most private primary schools had adopted the differentiation strategy; therefore, the study recommends that they should apply this strategy more aggressively by developing aspects of integrated marketing. These would include branding and positioning as key strategies of service differentiation. It is recommended that private primary schools should constantly evaluate their strategies with an aim of staying ahead of the competition. Differentiation strategies should be used by private primary schools to position their programs as unique offerings to help build loyalty among their customers to benefit from reference sales that can help deal with rising competition in the industry.

The study established that in order to ensure successful implementation of the competitive strategies and improved academic performance, school planning will be necessary and it is therefore recommended that head teachers should be at the forefront of strategic planning to lead the school into incremental improvement by streamlining the non-value-added functions. By ensuring proper management and conducive teaching-

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learning environment, the head teachers can inspire teachers and consequently contribute to improved academic performance.

From this study, it was noted that the government does not offer support through the ministry of education to this industry. The private schools should, therefore, form a lobby group that can help them steer towards earning government support.

### 5.5.2 Recommendation for Further Studies

The study recommends that future research could cover other categories of schools including public and international schools. Similar research could be carried out in future to track progress made by private primary schools in the application of competitive strategies especially cost leadership and focus strategies. Another research could be done to discover why public primary schools have been performing poorer than private primary schools but not with a constant deviation in mean scores. A more comprehensive study could be conducted countrywide.

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## APPENDICES

### APPENDIX I: INTRODUCTION LETTER

Dear Respondent,

I am a Postgraduate student at the St Paul's University School of Business. I am currently undertaking my research proposal project entitled, **Effect of competitive strategies on organizational performance of private primary schools in Embakasi sub-county, Nairobi, Kenya.** This is to kindly request you to assist me collect the data by filling out the accompanying questionnaire.

Kindly note that the information sought is purely for academic purposes and will be treated with utmost confidentiality. The findings of this research can be availed to you upon completion of the research on request.

Thank you in advance for your time and co-operation.

Regards,

AGNES M. MBONDO

MBA/NRB/9957/14

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## APPENDIX II: QUESTIONNAIRE TO RESPONDENTS

The main objective of this study is to determine the contribution of competitive strategies on performance of private schools in Embakasi sub-county, Nairobi.

**Section A: General Information**

*You are kindly requested to fill out general information in the spaces below. Please tick only one response.*

1. Name of school (optional)_____
2. What position do you hold in this school?

   [ ] Principal/ Head Teacher [ ] Deputy Head teacher [ ] Financial Manager
3. Gender: [ ] Male [ ] Female
4. What is your highest level of education?

   [ ] Untrained [ ] Certificate [ ] Diploma [ ] Higher Diploma [ ] Degree [ ] Masters

   PhD [ ] Other…… (Specify)
5. How many years have you been working in the current school?

   [ ] 0- 5 years [ ] 6-10 years [ ] 11-20 years [ ] 21-30 years [ ] Over 30 years
6. How many years have you been working in general?

   [ ] 0- 5 years [ ] 6-10 years [ ] 11-20 years [ ] 21-30 years [ ] Over 30 years
7. How long has your school been in existence?

   [ ] Below 5 years [ ] between 5 and 10 years [ ] between 10 and 15 years [ ] between 15 and 20 years [ ] above 20 years
8. What is the population of learners in your school? _____
9. How many members of staff are there in your school?

   [ ] Below 5 staff [ ] 5-10 staff [ ] 10-15 staff [ ] 15-30 staff [ ] Above 30 staff

**Section B: Competitive Strategies**

**Cost Reduction Strategy**

10. Below are several elements of cost reduction strategies in schools. Kindly indicate the extent to which each of them has been applied in your school. Use a scale of 1 to 5 where; 5=strongly agree, 4=agree 3=neither agree nor disagree, 2= strongly disagree and 1=disagree.



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| | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| Our school draws a budget plan for the full year | | | | | |
| Issue annual fees guidelines | | | | | |
| Our school charges moderately higher fees compared to others | | | | | |
| Hire services of external auditors each year | | | | | |
| Offer discounts to parents who pay fees in full at the beginning of the term | | | | | |
| Our school outsources some services | | | | | |

11. In your opinion, what other cost reduction strategies does your school apply?_____

12. Through which mode do parents use to pay school fees? (Kindly select all that apply).

- ❑ Deposit to bank / Cheques
- ❑ Cash to school
- ❑ M-Pesa
- ❑ Bankers Cheque
- ❑ In Commodities

Any Other (Specify)_____

13. Does the school keep the following? Books of accounts?

- ❑ Updated list of debtors?
- ❑ Cash register?
- ❑ Records of liabilities

Any other (specify)……...

**Differentiation Strategy**

14. Below are several elements of differentiation strategies in schools. Kindly indicate the extent to which each of them has been applied in your school. Use a scale of 1 to 5 where; 5=strongly agree, 4=agree 3=neither agree nor disagree, 2= strongly disagree and 1=disagree.

| | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| Our school has distinguished logo, colours and values | | | | | |
| The calibre of our teachers is excellent | | | | | |
| We have adopted technology in our operations | | | | | |
| We have a well distinguished website | | | | | |
| We have a bill board placed on a strategic location | | | | | |

Any other (please specify)----------



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15. Does your school have….? (Tick whichever is applicable)

- ❑ A computer lab?
- ❑ Internet connectivity?
- ❑ Smart boards/
- ❑ Television set
- ❑ A website?

16. Does your school have ….(Tick whichever is applicable)

- ❑ Own Swimming pool?
- ❑ Own Playing field?
- ❑ School bus?
- ❑ School library
- ❑ A school farm?
- ❑ Permanent buildings
- ❑ Science Laboratory
- ❑ Spacious Dormitories
- ❑ School Van/Bus
- ❑ Kitchen/
- ❑ Dining Hall

Any other (specify)……

17. Does your school offer any of the following extra-curricular activities? (Please select all that apply)

- ❑ Music lessons
- ❑ Foreign languages
- ❑ Art
- ❑ Tae Kwon Do
- ❑ Karate
- ❑ Horse Riding

Any other (specify)……

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**Focus Strategy**

Below are several elements of focus strategy in schools. Kindly indicate the extent to which each of them has been applied in your school. Use a scale of 1 to 5 where; 5=strongly agree, 4=agree 3=neither agree nor disagree, 2= strongly disagree and 1=disagree.

| | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| Our school has targeted a special social setting for our customers | | | | | |
| The identified social class for our school is adequate | | | | | |
| There is provision of hot lunch for learners | | | | | |
| A catchment area within their estate | | | | | |
| Catchments from other estates | | | | | |
| Our school is strategically located so as to attract specific children | | | | | |
| Pricing of fees is influenced by specific market segments | | | | | |
| Our school offers specialty products and services to specific market segments | | | | | |

Any other (please specify) ----------

18. Kindly tick the range of school fees which your school charges for.. (Tick whichever is applicable)
    a) Pre-primary
        - ❑ Below 5,000 KES
        - ❑ 5,001 – 10,000
        - ❑ Above 10,000
    b) Lower primary
        - ❑ Below 5,000 KES
        - ❑ 5,001 – 10,000
        - ❑ Above 10,000
    c) Upper primary
        - ❑ Below 10,000 KES
        - ❑ 10,001 – 20,000
        - ❑ Above 20,000
19. What monthly household income bracket (NET) do most of your clients (parents) fall in….? (estimate)
        - ❑ Below 5,000 KES
        - ❑ 5,001 – 10,000
        - ❑ 10,001 – 25,000

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❑ 25,001 – 50,000

❑ 50,001 – 100,000

❑ Above 100,000

a) Was this the intended target for your school?

❑ Yes

❑ No

20. What specific income markets does your school target?

❑ Low Income

❑ Average income

❑ Middle Income

❑ High Income

21. Is there an adoption of special pricing strategy owing to specific market segments?

❑ Yes

❑ No

**Organizational Performance**

22. How has your school performed on the following measures? Kindly use a scale of 1 to 5 where; 5 = strongly agree, 4 = agree 3 = neither agree nor disagree, 2= strongly disagree and 1=disagree

| | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| Growing fast | | | | | |
| Growing steadily | | | | | |
| Declining | | | | | |
| Operating on budget | | | | | |
| Operating on budget | | | | | |
| Operating below budget | | | | | |

23. The Nairobi County mean for private schools in the year 2014 was at 290.7, how do you rate your school performance? Above County mean

❑ Same as County mean

❑ Below County mean

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24. Do you have a…

- ❑ Computerised database system?
- ❑ Computerised accounting systems
- ❑ A stakeholder feedback mechanism?
- ❑ School open days?
- ❑ Academic clinics for each class?
- ❑ A dedicated class teacher for every class?
- ❑ Dedicated subject teachers for all subjects?
- ❑ Teacher's sign-in records for each day?
- ❑ Lesson plans for all classes and subjects in each term

Any other
(specify)……

25. Effect of competitive strategies on organizational performance

Kindly indicate your extent of agreement with regards to the effects of identified competitive strategies on organizational performance.

- ❑ No Extent
- ❑ Little Extent
- ❑ Moderate Extent
- ❑ Great Extent
- ❑ Very Great Extent

**Thank you for your time and co-operation**

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## APPENDIX III: RESEARCH PERMIT FROM NACOSTI

**THIS IS TO CERTIFY THAT:**
***MS. AGNES MWONGELI MBONDO***
**of SPU, 73598-200 nairobi,has been permitted to conduct research in** ***Nairobi County***

**on the topic:** ***EFFECT OF COMPETITIVE STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF PRIVATE PRIMARY SCHOOLS IN EMBAKASI SUB-COUNTY, NAIROBI, KENYA***

**for the period ending:**
***4th July,2017***

.....
***Applicant's Signature***

**Permit No : NACOSTI/P/16/67596/11675**
**Date Of Issue : 5th July,2016**
**Fee Recieved :Ksh 1000**



.....
***Director General***
***National Commission for Science, Technology & Innovation***

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## APPENDIX IV: INTRODUCTION LETTER FROM NACOSTI




**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION**

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
Email:dg@nacosti.go.ke
Website: www.nacosti.go.ke
when replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. NACOSTI/P/16/67596/11675

Date: 5th July, 2016

Agnes Mwongeli Mbondo
St. Paul's University
P.O. Private Bag-00217
**LIMURU.**

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on ***"Effect of competitive strategies on organizational performance of private primary schools in Embakasi Sub-County, Nairobi, Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **4th July, 2017.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

**BONIFACE WANYAMA**
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified

**APPENDIX V: LIST OF PRIVATE SCHOOLS IN EMBAKASI SUB-COUNTY**

| S/No | YEAR | School_Name | Category | Mean | ENTRY |
|---|---|---|---|---|---|
| 1 | 2014 | Newlight-Komarock | Private | 419 | 24 |
| 2 | 2014 | Tasia Intergrated Academy - Embakasi | Private | 383 | 10 |
| 3 | 2014 | Doonholm Catholic | Private | 380 | 62 |
| 4 | 2014 | Tassia Catholic Pri | Private | 380 | 31 |
| 5 | 2014 | St Marys School | Private | 375 | 16 |
| 6 | 2014 | New Junior Campus Academy | Private | 374 | 30 |
| 7 | 2014 | The King's School Nairobi | Private | 372 | 29 |
| 8 | 2014 | Sunrise Children's Garden | Private | 372 | 19 |
| 9 | 2014 | Carmelvale Catholic | Private | 372 | 106 |
| 10 | 2014 | Riara Springs Academy | Private | 372 | 91 |
| 11 | 2014 | Rockfield Junior School | Private | 372 | 139 |
| 12 | 2014 | Carmel Catholic Pri | Private | 371 | 75 |
| 13 | 2014 | Newlight Junior Academy | Private | 365 | 204 |
| 14 | 2014 | Cathsam School | Private | 363 | 33 |
| 15 | 2014 | Tender Care | Private | 362 | 66 |
| 16 | 2014 | Infil Academy | Private | 360 | 44 |
| 17 | 2014 | PEFA Donholm Preparatory School | Private | 357 | 16 |
| 18 | 2014 | Siloam Education Centre | Private | 356 | 23 |
| 19 | 2014 | Desca Junior Academy | Private | 356 | 31 |
| 20 | 2014 | Epren Academy | Private | 355 | 39 |
| 21 | 2014 | Grandstar jr. Academy | Private | 354 | 13 |
| 22 | 2014 | Fajri Pri School | Private | 353 | 18 |
| 23 | 2014 | Tassia School | Private | 352 | 19 |
| 24 | 2014 | Diwopa Catholic | Private | 351 | 55 |
| 25 | 2014 | Rophine Field Junior School | Private | 349 | 18 |
| 26 | 2014 | Embakasi Benedicta Academy | Private | 349 | 31 |
| 27 | 2014 | Umoja Adventist Educational Academy | Private | 348 | 06 |
| 28 | 2014 | East End Junior Academy | Private | 347 | 23 |
| 29 | 2014 | Potter Junior Acad | Private | 346 | 10 |
| 30 | 2014 | Good Testimony Junior | Private | 346 | 45 |
| 31 | 2014 | Msasa Junior Academy | Private | 345 | 08 |
| 32 | 2014 | Riverine Academy | Private | 343 | 16 |
| 33 | 2014 | Lakewood School | Private | 341 | 200 |
| 34 | 2014 | St Aloys First Page Academy | Private | 338 | 36 |
| 35 | 2014 | Golden Hour Junior School | Private | 336 | 12 |
| 36 | 2014 | Horizon Learner | Private | 336 | 21 |

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| | | | | | |
|---|---|---|---|---|---|
| 37 | 2014 | Fadhili Jr School | Private | 335 | 62 |
| 38 | 2014 | El-Shaddai | Private | 334 | 63 |
| 39 | 2014 | Parochial School-Embakasi | Private | 331 | 19 |
| 40 | 2014 | Harvest View Academy | Private | 330 | 16 |
| 41 | 2014 | Mefis Academy | Private | 329 | 33 |
| 42 | 2014 | Evana Junior Ed.Centre | Private | 329 | 15 |
| 43 | 2014 | Al maktoum Academy | Private | 328 | 26 |
| 44 | 2014 | Precious Junior | Private | 325 | 21 |
| 45 | 2014 | Juniorrate School | Private | 325 | 18 |
| 46 | 2014 | Elimika Preparatory School | Private | 323 | 11 |
| 47 | 2014 | Annrose Primary School | Private | 322 | 23 |
| 48 | 2014 | Stevens Academics Community Centre | Private | 321 | 32 |
| 49 | 2014 | Jupiter Academy | Private | 320 | 40 |
| 50 | 2014 | Gramo Joy Pre & Primary School | Private | 319 | 37 |
| 51 | 2014 | Twin Kids Academy | Private | 318 | 10 |
| 52 | 2014 | K.A.G New Victory | Private | 317 | 18 |
| 53 | 2014 | Tim-Tasha School | Private | 316 | 20 |
| 54 | 2014 | El- Shammah School | Private | 316 | 18 |
| 55 | 2014 | Sunrise School Kayole | Private | 316 | 23 |
| 56 | 2014 | Precious Gift | Private | 315 | 59 |
| 57 | 2014 | Imara Daima Adventist Academy | Private | 315 | 32 |
| 58 | 2014 | Chalaw | Private | 315 | 69 |
| 59 | 2014 | Kayole Adventist | Private | 315 | 07 |
| 60 | 2014 | Halisi Academy | Private | 314 | 22 |
| 61 | 2014 | Shinners Junior Community School | Private | 313 | 18 |
| 62 | 2014 | Dooholm Winners School | Private | 312 | 15 |
| 63 | 2014 | Shammar Springs | Private | 312 | 17 |
| 64 | 2014 | Aic Pipeline Academy | Private | 312 | 13 |
| 65 | 2014 | Victory Junior School | Private | 312 | 15 |
| 66 | 2014 | Anointed Academy | Private | 312 | 24 |
| 67 | 2014 | Kayole Hekima Primary | Private | 311 | 23 |
| 68 | 2014 | New Dawn Community | Private | 311 | 23 |
| 69 | 2014 | Small Whales Academy | Private | 308 | 13 |
| 70 | 2014 | Kayole Oasis Academy | Private | 307 | 07 |
| 71 | 2014 | By grace Academy | Private | 306 | 20 |
| 72 | 2014 | Pioneer Potters Academy | Private | 305 | 20 |
| 73 | 2014 | Bright Shepherd Education Centre | Private | 304 | 18 |
| 74 | 2014 | Uzima Jnr Acad | Private | 304 | 16 |
| 75 | 2014 | Savannah Academy | Private | 303 | 28 |
| 76 | 2014 | Innercore Bethel View Academy | Private | 302 | 29 |

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| | | | | | |
|---|---|---|---|---|---|
| 77 | 2014 | Young Achievers School | Private | 302 | 07 |
| 78 | 2014 | Busy Simo Junior Academy | Private | 300 | 68 |
| 79 | 2014 | Boston Children Centre | Private | 299 | 30 |
| 80 | 2014 | Twinstar Education Centre | Private | 298 | 40 |
| 81 | 2014 | Stanjo Silver Bridge School | Private | 298 | 16 |
| 82 | 2014 | Lavenders Academy | Private | 296 | 15 |
| 83 | 2014 | Blessings Nursery | Private | 295 | 34 |
| 84 | 2014 | Steve-lee Care Centre | Private | 294 | 26 |
| 85 | 2014 | Neema dev. Centre Network(ndc) | Private | 294 | 26 |
| 86 | 2014 | St. James Junior Academy | Private | 292 | 45 |
| 87 | 2014 | Gods Favour | Private | 290 | 47 |
| 88 | 2014 | By Faith Junior Sch- Innercore | Private | 290 | 23 |
| 89 | 2014 | Lunga Lunga S.D.A Educational Centre | Private | 287 | 9 |
| 90 | 2014 | Mother of Mercy Centre | Private | 287 | 25 |
| 91 | 2014 | New River Star | Private | 285 | 12 |
| 92 | 2014 | Luminary Children School | Private | 284 | 15 |
| 93 | 2014 | Spice Junior Academy | Private | 281 | 31 |
| 94 | 2014 | Urithi Heritagge | Private | 279 | 32 |
| 95 | 2014 | Mercury Academy | Private | 279 | 25 |
| 96 | 2014 | Nuru Preparatory School | Private | 278 | 14 |
| 97 | 2014 | Abuhamfa Islamic Centre | Private | 278 | 17 |
| 98 | 2014 | Genesis School | Private | 276 | 39 |
| 99 | 2014 | Calvery Covenant | Private | 276 | 21 |
| 100 | 2014 | Kayole Community | Private | 275 | 54 |
| 101 | 2014 | Downstream Community Centre | Private | 274 | 26 |
| 102 | 2014 | Unity Centre | Private | 274 | 16 |
| 103 | 2014 | Shalom Education Centre | Private | 274 | 34 |
| 104 | 2014 | Reuben Vision Community | Private | 274 | 47 |
| 105 | 2014 | Presbyterian Emmanuel Academy | Private | 273 | 21 |
| 106 | 2014 | St Mary's Jacaranda School | Private | 273 | 17 |
| 107 | 2014 | Flama Education Centre | Private | 272 | 25 |
| 108 | 2014 | Timanne Junior Academy | Private | 271 | 15 |
| 109 | 2014 | Joy Kids Education | Private | 270 | 39 |
| 110 | 2014 | Tassia Faith Junior Academy | Private | 270 | 12 |
| 111 | 2014 | Neem Tree Education Centre | Private | 268 | 16 |
| 112 | 2014 | Fekija Vision Centre | Private | 268 | 12 |
| 113 | 2014 | Emmanuel Jr Found | Private | 268 | 17 |
| 114 | 2014 | Simpolly Junior Community Centre | Private | 267 | 15 |

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| | | | | | |
|---|---|---|---|---|---|
| 115 | 2014 | Fair Oak School | Private | 267 | 38 |
| 116 | 2014 | Mwanicos Academy | Private | 267 | 5 |
| 117 | 2014 | Kids of Hope Educ. Centre | Private | 266 | 37 |
| 118 | 2014 | Joy Life Academy | Private | 266 | 20 |
| 119 | 2014 | Moderncare School | Private | 261 | 8 |
| 120 | 2014 | Lyann Academy | Private | 261 | 26 |
| 121 | 2014 | East Gate Prep-School | Private | 258 | 15 |
| 122 | 2014 | Clever Junior Academy | Private | 258 | 16 |
| 123 | 2014 | Dynamic Community Based Organization | Private | 258 | 65 |
| 124 | 2014 | Esvak Community | Private | 258 | 72 |
| 125 | 2014 | Royal Kings Educational Centre | Private | 256 | 11 |
| 126 | 2014 | Mukuru Menno Academy | Private | 255 | 31 |
| 127 | 2014 | Embakasi Presbyterian | Private | 254 | 11 |
| 128 | 2014 | Lampros Educational Centre | Private | 254 | 27 |
| 129 | 2014 | Twilight Junior School | Private | 254 | 13 |
| 130 | 2014 | Skyrock | Private | 254 | 13 |
| 131 | 2014 | Hope Academy | Private | 254 | 16 |
| 132 | 2014 | C.m.f. Excellent Education Centre | Private | 253 | 21 |
| 133 | 2014 | Wileyce Prep School | Private | 252 | 22 |
| 134 | 2014 | Sharp Education Centre | Private | 252 | 37 |
| 135 | 2014 | Comido Education Centre | Private | 250 | 35 |
| 136 | 2014 | Soweto Baptist Shining School | Private | 249 | 25 |
| 137 | 2014 | Soweto Revelation | Private | 249 | 16 |
| 138 | 2014 | River from the Temple Pri School | Private | 249 | 23 |
| 139 | 2014 | Gatoto Community | Private | 246 | 127 |
| 140 | 2014 | River Bank PEFFA Comm | Private | 245 | 28 |
| 141 | 2014 | Magbet Junior School | Private | 245 | 27 |
| 142 | 2014 | Goodwill Learners | Private | 244 | 26 |
| 143 | 2014 | Bethlehem Community | Private | 244 | 41 |
| 144 | 2014 | St Justino | Private | 243 | 226 |
| 145 | 2014 | Mt. Camel Learning Centre | Private | 243 | 33 |
| 146 | 2014 | Logef Education Centre | Private | 243 | 29 |
| 147 | 2014 | Kwa Njenga Baptist Needy A. | Private | 242 | 34 |
| 148 | 2014 | Orbit School Of The Cross | Private | 242 | 36 |
| 149 | 2014 | Church on the Rock Learning centre | Private | 241 | 27 |
| 150 | 2014 | Silver Springs Jnr | Private | 240 | 46 |
| 151 | 2014 | Candle Light Orphan And Destitute Pr | Private | 240 | 49 |
| 152 | 2014 | St. Veronica Comm. Centre | Private | 239 | 34 |
| 153 | 2014 | Mara Children's Centre | Private | 239 | 28 |

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| | | | | | |
|---|---|---|---|---|---|
| 154 | 2014 | Sheepcare Community | Private | 239 | 29 |
| 155 | 2014 | Umoja Land Children | Private | 238 | 78 |
| 156 | 2014 | Emmaus Self Group | Private | 237 | 29 |
| 157 | 2014 | Kwa Watoto School | Private | 236 | 82 |
| 158 | 2014 | Better Life Comm Centre | Private | 235 | 32 |
| 159 | 2014 | Elohim Educational Centre | Private | 234 | 15 |
| 160 | 2014 | Lorna Waddington Sch | Private | 234 | 161 |
| 161 | 2014 | Jobenpha Community School | Private | 229 | 162 |
| 162 | 2014 | Steward Academy | Private | 228 | 18 |
| 163 | 2014 | Tina's Children Learning Centre | Private | 227 | 16 |
| 164 | 2014 | Safari Educational Centre | Private | 227 | 28 |
| 165 | 2014 | Tassia Hill | Private | 225 | 16 |
| 166 | 2014 | Donaire Education Centre | Private | 220 | 3 |
| 167 | 2014 | Highlight Junior Academy | Private | 219 | 27 |
| 168 | 2014 | Maximum Impact Centre | Private | 215 | 27 |
| 169 | 2014 | Richmas Group Of Schools | Private | 213 | 47 |
| 170 | 2014 | Wanford Academy | Private | 210 | 7 |
| 171 | 2014 | Victory Learning Community Centre | Private | 205 | 18 |
| 172 | 2014 | St Lucia Academy | Private | 202 | 14 |
| 173 | 2014 | Breakthrough Internal School | Private | 200 | 2 |
| 174 | 2014 | Bluesky Academy | Private | 196 | 19 |
| 175 | 2014 | Carmel Centre | Private | 196 | 35 |
| 176 | 2014 | River of Life Academy | Private | 196 | 37 |
| 177 | 2014 | Ricken Day Care | Private | 196 | 15 |
| 178 | 2014 | Maendeleo Learning Centre | Private | 186 | 11 |
| 179 | 2014 | Lunga Lunga Baptist Institute | Private | 182 | 21 |

Source: KNEC database, (2015)

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## APPENDIX VII: GROWTH OF PRIVATE SCHOOLS IN KENYA

Table 1.2: Growth of private schools in Kenya

| Year | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Number of public primary schools | 19059 | 19848 | 20307 | 21205 | 21718 |
| Year on year growth | 4% | 2% | 4% | 2% | 3% |
| Number of private primary schools | 5055 | 5534 | 6242 | 6821 | 7742 |
| Year on year growth | 9% | 13% | 9% | 14% | 11% |

Source: Economic Survey 2015. Kenya National Bureau of Statistics

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