EFFECTS OF COMPETITIVE STRATEGIES ON PERFORMANCE OF MIDDLE LEVEL COLLEGES IN THIKA SUB COUNTY

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ABSTRACT

The study was aimed to establish the effects of competitive strategies on performance of middle level colleges in Thika Sub-County. The study had the following objectives; to determine the effects of pricing strategies on performance of middle level colleges; to establish how market focus affect performance of middle level colleges; to determine the effect of collaborations between middle level colleges and other institutions on their performance and to determine the effects of technology on performance of middle level colleges. This study employed descriptive research design. Stratified simple random sampling technique was used to select the study respondents. The sample size for the research comprised of 92 top level managers and 200 middle level managers within 36 colleges spread out evenly within Thika Sub-county. The researcher was able to obtain 258 fully filled questionnaires from the participants; Data was collected through use of scheduled interviews and questionnaires which were distributed to the top and middle level managers of different middle level colleges respectively. The return rate of questionnaires was 88%. Data collected from the field was cleaned, organized, coded using Statistical Package for Social Sciences (SPSS) to facilitate answering the research objectives. Quantitative data was analyzed statistically through use of descriptive statistics such as frequency distributions and percentages while qualitative data was analyzed using content analysis. Multiple regression analysis was done to establish the relationship between the competitive strategies and performance of middle-level colleges in Thika Sub-county. In addition the study revealed that market focus strategies contribute 56.3% to college performance, pricing strategies contributes 46.6% to performance, collaborations contribute 26.7% and adoption of technology contributes 32.8% to performance of colleges. Hence there is a positive association between market focus, pricing strategies, collaborations, adoption of technology which affect performance of middle-level colleges in Thika Sub-County. Lastly, the researcher recommends that middle level colleges should invest in advanced technologies and ensure that their employees’ skills are continually updated through training, they do promotion through the internet, they ensure that their students can access online portal for registration, they dispatch student results online and they offer virtual learning as a competitive advantage. In conclusion, the study also recommends that middle level colleges should embrace collaborations with other supplementary institutions and forming linkages so that they can extend the learning base for their students and ensure that they are able to benchmark their services so that they can improve the quality of their services.

Key Words: competitive strategies, performance, middle level college, Thika sub county
INTRODUCTION

For firms to succeed in a competitive global environment, they need good strategies. A strategy is a firm’s theory about how to compete successfully, a unifying theme that gives it coherence to its various actions (Peng, 2009). Strategy can be seen as the matching of resources and activities of an organization to the environment in which it operates (Johnson & Scholes, 2002), it can also be defined as the search for strategic fit between organization’s internal resources and competence on one hand and the external environment on the other hand. Johnson, Scholes and Whittington (2005), defined strategy as the direction and scope of an organization over the longtime, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders’ expectations.

Firms need competitive strategies to enable them overcome the competitive challenges they experience in the environment where they operate. A competitive strategy enables a firm to gain a competitive advantage over its rivals and sustain its success in the market. A firm that does not have appropriate strategies cannot exploit the opportunities available in the market and will automatically fails. A company has a competitive advantage whenever it has an edge over its rivals in securing and defending against competitive forces, (Thompson & Strickland, 2002). Johnson et al. (2006) perceived competitive strategies from a business level perspective and believed that it is the achievement of competitive advantage by a business unit in its particular market. Sidorowicz, (2007), on the other hand sees competitive strategies as skill-based involving strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare. According to Porter (2004), competitive strategies primarily evolve explicitly through a planning process or implicitly through approaches dictated by a firm’s professional orientation and the incentives of its directors.

The concept linking company competitive strategy to performance was introduced by Barney (2002). Their research and experience with clients demonstrated that what distinguishes high performers from their competitors is the consistent way they construct and maintain this competitive essence. While many companies compete on the basis of a single point of differentiation, the competitive essence of high performers is almost always achieved through the balance, alignment and renewal of what they identified as the three building blocks of high performance: Market focus position, distinctive capabilities and performance anatomy (Barney, 2002). According to Gathoga (2011), the ability of a company to outperform its competitor depends on five major factors. These are ability to take advantage of market Activity trends, ability to capture and protect unfair share of markets, ability to capture premium pricing, prudent creation and introduction of new products. Firm’s performance is the measure of standard or prescribed indicators of effectiveness, efficiency and environmental responsibility such as cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled or the act performing: of doing something successfully, using knowledge as distinguished from merely possessing it.
Kimotho (2012) describes performance as the outcome of all the organizations operations and strategies. It is also the extent to which an individual meets the expectations regarding how he should function or behave in a particular context, situation, job or circumstance. Noum (2007) is of the view that performance is what people do in relation to organizational roles. Since their inception, companies have used various yardsticks for measuring and reporting performance. Pearce and Robinson (2003) highlight three economic goals, which define a company’s performance guided by strategic direction which are; survival in the market, growth and profitability. A firm’s growth is tied inexplicitly to its survival and profitability. Survival means a long term strategy to remain in business and inability to do so mean the company is not capable of satisfying the stakeholder’s aims. Growth in the number of markets served, in the variety of products offered, in the technologies that are used to provide goods or services frequently leads to improvements in a firms competitive ability.

**STATEMENT OF THE PROBLEM**

According to Ogbonna and Harris, (2003), Thika town is one of the fastest growing towns in Central province due to its proximity to Nairobi City, also considered as an industrial hub in Kenya. Increased population has resulted to upsurge of middle level colleges. The increase of these colleges has resulted to stiff competition. Organizations seek to fully exploit the opportunities open to them so as to enjoy competitive advantage. In the recent past, higher education sector in Kenya has experienced some dynamic change in the external environment as observed also by Mutua, (2004). Bannerman et al. (2005), studied strategic alliances in education and training services in Australia. They concentrated on strategic alliances prompted by globalization and need for internationalization, while they ignored strategies used in the domestic market in the same sector. Porter, (2004) depicts that competitive strategies used by firms in their operations vary widely depending on their environment, the current set up in Kenya’s education sector is a dynamic one and highly competitive with the emergence of many colleges, in Thika sub county we have more than forty colleges and they have to ensure survival and sustainability in the market place, the colleges need to adopt competitive strategies to ensure that they surpass their competitors. Middle level colleges following competitive strategies may realize a performance advantage over competitors that pursue other strategies or those that are stuck in the middle. Most of studies have focused on competitive strategies adopted by non education sectors. According to Ndubai (2003) his study on competitive strategies used in the retail sector of the pharmaceutical industry in Nairobi. He revealed that strategies used included strategic choice of location, stocking other items like cosmetics, mobile phones, surgical and diagnostic items, attractive counter displays, staff uniforms and road signboards. Karanja (2002) on the other hand studied competitive strategies by real estate firms and found that most firms used differentiation, cost leadership though to a lesser extent and narrow focused differentiation. Obado (2005) looked at competitive strategies employed by sugar manufacturing firms in Kenya. He found that they used cost leadership and differentiation as the main strategies. Ngandu
(2014) studied on influence of competitive strategies on performance of Hotel industry in Thika Sub County the findings of his study indicated that the strategy with the strongest influence on performance of hotels is differentiation strategy. Based on this data there is a gap in the analysis of effect on competitive strategy on performance in the education sector; therefore this study will seek to establish the competitive strategy employed by the middle level colleges in Thika Sub County and what effect they have on their performance.

GENERAL OBJECTIVE

The study aimed to determine the effects of competitive strategy on performance of middle level colleges in Thika Sub County.

SPECIFIC OBJECTIVES

1. To determine the effects of pricing strategies on performance of middle level colleges in Thika sub county.
2. To establish how market focus affect performance of middle level colleges in Thika sub county.
3. To determine the effect of collaborations between middle level colleges and other institutions of higher learning on their performance.
4. To determine the effects of technology on performance of middle level colleges in Thika sub county.

THEORETICAL FRAMEWORK

This describes the model and theories that will be used in the study, it includes the porter’s five forces model, resource-based view and game theory.

Porter's Five Forces Model

Porter, (2008) identifies five forces of competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers. He upholds that understanding the forces that shape a sectors competition is the basis for developing a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices. Porter posits that if the forces are extreme, no organization earns striking returns on investment and if the forces are benign, most of the companies are profitable. The composition of the five forces varies by industry and that an organization needs a separate strategy for every distinct industry such as the middle-level colleges. He further shows that generic strategies comprise of low cost, differentiation, focus and combination strategies. These are commonly conventional as a strategic typology for all organizations. This model is an influential tool for methodically
diagnosing the main competitive pressures in a market and assessing how strong and significant each one is.

Kitoto (2005) observed that a correct analysis of the five forces will assist a firm choose one of the generic strategies that will successfully enable the organization to compete profitably in an industry. Managers in the Middle level colleges therefore can only develop and choose winning strategies by first identifying the competitive pressures that exists, measuring the virtual strength of each and gaining a profound understanding of the sector’s whole competitive structure. Porter’s value chain approach allows for the determination of the attractiveness of the industry. With the knowledge about intensity and power of competitive forces, colleges can then develop options to influence them in a way that improves their own competitive position. To survive, the colleges must adapt their strategies to suit the dynamic market place. The winning strategy selected can change the impact of competitive forces on the firm, (Clegg, et al, 2011). The aim is to decrease the power of competitive forces. Although numerous companies pursuing cost and differentiation concurrently may become trapped in the middle, there is patent evidence to suggest that at least some companies have been triumphant in achieving higher economic performance by pursuing both advantages, (Bresnahan & Reiss, 2010).

**Resource Based View (RBV)**

The RBV framework combines the internal (core competence) and external (industry structure) perspectives on strategy. Resources are more broadly defined to be physical (e.g. property rights, capital), intangible (e.g. brand names, technological knowhow), or organizational (e.g. routines or processes like lean manufacturing). The resource based perspective of firms is based on the concept of economic rent and the notion of an organization as a collection of capabilities (Kay, 2000). Whereas traditional strategy models focus on the organization’s external competitive environment, the RBV accentuates the need for a fit between the external market context in which a firm operates and its internal capabilities. 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 action (Hint et al, 2004). The RBV can be depicted as an “inside out” process of strategy formulation. A central thrust is the contribution of core competencies as strategic assets, which will be the continuing source of new products and services through whatever future developments may take place in the market, which by their nature, are not known (Connor, 2002). The emphasis of the RBV approach to strategic management decision-making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value-creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity, in other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets (Ekundayo & Ajayi, 2009). Clegg, et al, (2011), says capabilities are always
vulnerable to be competed away by a competitor’s higher order capability amongst other limitations such as erosion or substitution. Intangible assets are central to the RBV approach to understanding competitive advantage since they cannot easily be acquired or imitated, in contrast to tangible assets. Gathoga (2011) identified the relevant intangible assets as know-how, product reputation, culture and networks as main contributing factors to the overall success of a firm. Thus, the asymmetric performances between heterogeneous companies are very much driven by the intangible strategic assets.

Differentiation supports and sustains competitive advantage, but conformity to institutional pressures provides legitimacy, resources, and competitive advantage. In contexts where institutional and competitive pressures exert strong influences, the strategic decisions of managers result both in conformity to institutional pressures, which leads to isomorphism and legitimacy, and in differentiation, which, following the resource-based view of the firm, can increase the possibility of creating a competitive advantage through heterogeneity in resources and capabilities. Although both alternatives have an effect on performance of middle-level colleges and the creation and maintenance of dominant market positions, little attention has been paid to the analysis of the effects of conformity on performance of middle-level colleges and competitive advantage, (Hammond & Grosse, 2003). Differentiation tends to reduce rivalry, increasing the possibility of building competitive advantages, whereas conformity improves the social support of stakeholders and therefore the legitimacy of the firm. Differentiation reduces competitiveness and the fight for scarce resources, thereby improving performance of middle-level colleges; but on the other hand, conformity makes all organizations similar and, therefore, the competitive pressures are stronger, (Hammer & Champy, 2010). Differentiation will create benefits and dominant positions that will last until competitors imitate a firm's key resources, and will be restored through the creation of new opportunities that result in a new competitive advantage and new entry barriers, (Ogbonna & Harris, 2003). The new lines of institutional thinking answer this question and establish a point of connection with the resources-based view. The Resource based view theory is used to explain how middle level colleges achieve competitiveness through innovatively delivering better quality to customers, they focus on the strategic identification and use of resources for developing a competitive advantage.

**Game Theory**

Game theory helps analyze dynamic and sequential decisions at the tactical level. The main value of game theory in strategy is to emphasize the importance of thinking ahead, thinking of the alternatives, and anticipating the reactions of other players in your "game." Key concepts relevant to strategy are the payoff matrix, extensive form games, and the core of a game. Application areas in strategy are: new product introduction, licensing versus production, pricing, advertising and regulation (Johnson & Scholes, 2000). Brands, as a result of innovations and differentiation, can be considered as a method of signaling quality and other product characteristics to consumers. This allows various models developed in game theory to be
applied, such as Szalkai (2003) classic “market for lemons” model in which price signals quality. The “hidden” value that may be uncovered by applying game theory is the deterrence value of investments in intellectual capital. As is well known, patents and copyrights add value by deterring competitors from making use of the same work and allow the patent or copyright holder to enjoy exclusive use of the intellectual work for a limited time. However, game theory shows that such a deterrence effect can also occur in the absence of patents and copyrights. The simplest scenario is where the market is limited and there is overcapacity in the industry (Ndirangu & Udoto, 2011).

CONCEPTUAL FRAMEWORK

Kerlinger (2000) revealed that the term concept and construct have similar meanings in a way. A concept expresses an abstraction formed by generalization from particulars. A conceptual framework is a figure that shows the relationship between the dependent variable and the independent variable. In this study the dependent variable is performance of middle-level colleges while the independent variables are pricing strategies, market focus, collaborations strategy and adoption of technology strategy. A conceptual framework has been drawn to show the relationship of the dependent variable and the independent variables.

Pricing Strategies

The pricing strategy is an approach in which a company sells the same product at different prices in different markets. It can also refer to the charging of different prices for the same product to different social or geographic sectors of the market. It describes a way to establish the competitive advantage. Cost leadership strategy was developed by Porter (Malburg, 2000). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (cost advantages). In order to achieve a low-cost advantage, middle-level colleges must have a low-cost leadership strategy, low-cost operations with integrated sections/business units, and a workforce committed to the low-cost strategy. For an effective cost leadership strategy, middle-level colleges must have a large market share. There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, services and products design, input cost and capacity utilization of resources. Porter (2008) argues that only one firm in an industry can be the cost leader and if this is the only difference between a college and competitors, the best strategic choice is the low cost leadership role.

Miles et al., (2005) Cost leadership strategies depend on some fairly unique capabilities of the firm to achieve and sustain their low cost position within the industry of operation. Differentiation strategy refers to a firm striving to create a market unique product for varied customer groups. Competitive strategies dependent on differentiation are designed to appeal to customers with special sensitivity for a particular product attribute. Focus strategy is a marketing strategy in which an organization concentrates its resources on entering or expanding in a narrow market. It is usually employed where the company knows its segment and has products/services
to competitively satisfy its needs. Lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, services and products designs reducing operations time and costs, and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets comparable services and produces more efficiently than its competitors. The college may have access to cheap materials or superior proprietary technology which helps to lower costs (Malburg, 2000).

**Market Focus Strategy**

Market focus strategy encompasses the intangible, informational aspects of selling and servicing a product as well as the tangible, procedural aspects of product delivery and replenishment. Successful market focus strategies create a competitive advantage for the seller, as customers view these products as unique or superior. Advertising and promotion of a product is based on its differentiating characteristics. A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes. In the focus strategy, middle college targets a specific segment of the market (Porter, 2002). The College can choose to focus on a select customer group, services and products range, geographical area, or service line (Stone, 2008). Focus also is based on adopting a narrow competitive scope within an industry.

Colleges do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share Porter (2008). Lower prices lead to higher demand and, therefore, to a larger market share. As a low cost leader, middle-level colleges can present barriers against new market entrants who would need large amounts of capital to enter the market. The leader then is somewhat insulated from industry wide price reductions (Malburg, 2000). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a college lowers prices too much, it may lose revenues. The college can choose to focus on a select customer group, services and products range, geographical area, or service line (Stone, 2008). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and services and products specifications or requirements.

A successful focus strategy (Porter, 2002) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large middle-level colleges use focus-based strategies but only in conjunction with differentiation or
cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival middle-level colleges. The final generic strategy, focusing (also called niche or segmentation strategy), involves concentrating on a particular customer, product line, geographical area, channel of distribution, stage in the production process, or market niche. The underlying premise of the focus strategy is that a firm is better able to serve a limited segment more efficiently than competitors can serve a broader range of customers (Ogbonna & Harris, 2003). In addition Nadkarni and Barr (2008) states that firms that apply focus strategy simply apply a cost leader or differentiation strategy to a segment of the larger market. Firms may thus be able to differentiate themselves based on meeting customer needs, or they may be able to achieve lower costs within limited markets. Focus strategies are most effective when customers have distinctive preferences or specialized needs. A focus strategy is often appropriate for small, aggressive businesses that do not have the ability or resources to engage in a nationwide marketing effort. Such a strategy may also be appropriate if the target market is too small to support a large-scale operation. Many firms start small and expand into a national organization.

According to David (2011) the ability of a company to outperform its competition depends on ability to take advantage of market activity trends; ability to capture and protect ‘unfair share’ of markets; ability to capture premium pricing; prudent creation and introduction of new products. Pearce and Robinson (2007) found that a firm can use low cost leadership, differentiation strategy and the market focus strategy as generic strategies to seek long-term competitive advantage. A firm that engages in each generic strategy but fails to achieve any of them is stuck in the middle. Hence, Breene and Nunes (2005) in their research and experience with clients could demonstrate that what distinguishes high performers from their competitors is the consistent way they construct and maintain this competitive essence.

**Collaboration and Market Linkages**

Middle level colleges can establish collaborations and linkages that enable them build-up their students’ population and increase their revenue; Forming linkages with other supplementary institutions, Good relations with service providers and suppliers Linkages with universities. On the other hand Poister (2010) argues that colleges are forming linkages with service providers, suppliers and other supplementary institutions. The middle-level colleges enter into long term partnership with their agencies and use many suppliers to hedge on cost exploitation. Moreover, the middle-level colleges give a lot of attention to individuals who want to be developed and outsource distribution and some services to cut on operation cost. The link between innovation and collaboration is often emphasized and increasingly acknowledged as potential sources of competitive advantage (Argote & Ingram, 2000). This is becoming progressively more important as fast-changing market conditions heighten the need for organizations to be able to sustain continuous innovative activities.
Karanja (2002) stated that colleges have also formed linkages with other supplementary institutions such as middle level colleges, hospitals and research institutions enhancing market sustainability and forming linkages with customers helps in increasing market growth and sustainability. Having a convenient location in most of the major towns in Kenya and a wide branch network increases market growth and sustainability. However, it is not clear how these competitive strategies have affected the performance of middle-level colleges in Kenya. Theories on interaction between firms have been developed over the last decades (Bessant, 2003; Middel, 2008; Miles, Miles & Snow, 2005). Theoretical approaches studying inter-organizational relationships include; transaction cost approach David (2011), resource dependency theory by (Ogbonna & Harris, 2003; Nag, Hambrick & Chen, 2007; Nadkarni & Barr, 2008), network approach (Ford et al., 2003), and organizational learning. All these theories attempt to explain, from different angles, how a company can look outside its own borders to find the resource and competencies needed to produce its products and deliver its services, and to establish close relationships with other companies in order to gain a competitive advantage (Middel, 2008). The most common rationales offered for this increase in collaboration involve some combination of risk sharing, obtaining access to new markets and technologies, and coupling complementary skills (Timberblake, 2002).

**Technology Adoption**

Adoption of technology in institution operations provides a competitive advantage in organization by ensuring effectiveness and cost-cutting initiatives. In the education sector technology can create a competitive edge through providing the much needed skills in the 21st century. A service and a product can be differentiated in various ways. Unusual features, responsive customer service, rapid services and products innovations and technological leadership, perceived prestige and status, different tastes, and engineering design and performance are examples of approaches to differentiation (Porter, 2008). The rapid growth in Information Communication and Technologies (ICT) have brought remarkable changes in the twenty-first century, as well as affected the demands of modern societies. ICT is becoming increasingly important in our daily lives and in our educational system. Therefore, there is a growing demand on educational institutions to use ICT to teach the skills and knowledge students need for the 21st century.

According to Szalkai (2003) educational institutions on realizing the impact of ICT on the workplace and everyday life, they try to restructure their educational curricula and classroom facilities, in order to bridge the existing technology gap in teaching and learning to create a competitive edge in the market environment. Rather than cost reduction, middle-level colleges are using the differentiation strategy needs to concentrate on investing in and developing such things that are distinguishable and customers will perceive. Overall, the essential success factor of differentiation in terms of strategy implementation is to develop and maintain innovativeness, creativeness, and organizational learning within a college.
Researchers have revealed that many companies have increasingly adopted different competitive strategies due to the increasingly turbulent environment (Ndungu, 2006; Breene & Nunes, 2005; Capital, 2008; Martinsen, 2008). Competition is the state within a market setting where firms work and set strategies to gain advantage or greater success over each other (Pearce & Robinson, 2006).

**Figure 1: Conceptual Framework**

**EMPIRICAL REVIEW**

Researchers have revealed that many companies have increasingly adopted different competitive strategies due to the increasingly turbulent environment (Ndungu, 2006; Breene & Nunes, 2005; Capital, 2008; Martinsen, 2008). Competition is the state within a market setting where firms work and set strategies to gain advantage or greater success over each other (Pearce & Robinson, 2006).
2007). On the other hand Malburg (2000) posited cost leadership, differentiation and focus as generic competitive strategies used by firms. According to this scholar, competition in an industry is characterized by rivalry among existing firms, threat of substitutes, buyer bargaining power, supplier power; and entry barriers or threat to entry. Consequently, a company’s performance is closely linked to competitive marketing strategies it adopts (Ndungu, 2006). Mwakundia (2005) in his study of the competitive strategies applied by colleges in Nairobi found out that both general and specific training institution strategies are applied in this sector, while Kitoto (2005) in her study on competitive strategies adopted by various colleges in Kenya showed that several external factors, some of them quite closely related, affected the tertiary education. Competition, increasing customer awareness, entry of substitute products and many more challenges called upon the colleges to generate strategies that could adequately respond to the forces. The study point out that training institutions apply competitive strategies and experience challenges which are unique and specific hence cannot be generalized (Ogbonna and Harris, 2003).

Pimtong, Hanqin and Hailin (2012) investigated the influence of competitive strategies and organizational structure on hotel performance and to explore whether organizational structure has a moderating effect on the relationship between competitive strategies and the hotel performance. The results revealed that competitive human resources strategy to have a direct effect on hotel behavioral performance, and a competitive IT strategy to have a direct effect on organization financial performance. Gloria and Ding (2005) investigated the mediating effects of a firm’s competitive strategy in the market orientation-performance relationship. From a sample of 371 firms in China it was found that the three dimensions of market orientation exert different effects on competitive strategy and performance. This includes customer orientation which has the strongest association with competitive strategy and market performance. This lends credence to a component wise approach on the study of the relationship between market orientation and performance.

Timberblake (2002) in his study on the business case for sustainable development making a difference toward the earth revealed that on the level of marketing sustainability, the aspects of competitive advantage are more emphasized, in most colleges today, legal and social pressures are very vital while thinking about and acting in sustainability matter. Nowadays, an increasing number of middle level colleges realize the need to implement corporate sustainability for maintaining competitiveness. Kimotho (2012) on the other hand did a study on the impact of competitive strategies on the financial performance of CFC Stanbic Bank Limited. The link between these competitive strategies and the financial performance of commercial banks form the framework of the study, the results indicate that those firms that are effective at aggressively bringing creative new products and services to the market have gained a competitive edge in today’s business world. The results therefore attributed the improvement in financial performance on the competitive strategies that the bank has been undertaking in the past years of its existence.
According to Ndubai (2003) his study on competitive strategies used in the retail sector of the pharmaceutical industry in Nairobi. He revealed that strategies used included strategic choice of location, stocking other items like cosmetics, mobile phones, surgical and diagnostic items, attractive counter displays, staff uniforms and road signboards. Karanja (2002) on the other hand studied competitive strategies by real estate firms and found that most firms used differentiation, cost leadership though to a lesser extent and narrow focused differentiation. Obado (2005) as well looked at competitive strategies employed by sugar manufacturing firms in Kenya. He found that they used cost leadership and differentiation as the main strategies. While Ngandu (2014) studied on influence of competitive strategies on performance of Hotel industry in Thika Sub County the findings of his study indicated that the strategy with the strongest influence on performance of hotels is differentiation strategy. Murage (2011) studied the competitive strategies in the petroleum industry and found that service stations use differentiation as a method of obtaining competitive advantage over other service stations. While Gathoga (2011) on the other hand focused on competitive strategies by commercial banks in Kenya. The study revealed that banks in Kenya use various means in order to remain competitive; he also concluded that expansion into other areas by opening new branches has also been used as a strategy to overcome competition.

RESEARCH METHODOLOGY

Research Design

The study adopted descriptive research design. A design seeks to obtain information that describes existing phenomena by asking individuals about their perception, attitude and values and describes things as they exist (Mugenda & Mugenda, 2003). This enabled the researcher to gather data at a particular point in time with the intention of describing the nature of existing conditions identifying the standards against the existing conditions and determine the relationships that existed between specific to the area under the study. Kothari (2003) described research design as the decision regarding what, where, when, how much, by means concerning an inquiry or a research study. The descriptive research design assisted the researcher to find out the effects of competitive strategy on performance of middle level colleges in Thika Sub County.

Target Population

Thika Sub County is growing rapidly with a population of approximately 139,853 people according to 2009 census. Its total population of middle level colleges is 40 in number, with approximately 120 top level managers and 400 middle level managers (Sub-County Education offices, 2015). Based on its nature of being among the counties that interplay the rural – urban mix, the study have been selected to represent the semi urban areas due to its fast growing middle level colleges. Population is described as the entire group of individuals, events or objects with some observable characteristics (Mugenda & Mugenda, 2003).
Sampling Frame

The sampling frame is a physical representation or list of all the elements in the population from which the sample is drawn Serekan and Bougie (2010). Sampling frame from which the sample elements are to be drawn is middle level colleges from Thika sub-county. This describes the sampling technique that was employed and the sample size. The sampling technique was the stratified simple random sampling technique which was used to get the sample from top level and middle level managers. Stratified simple random sampling technique was used to select the required study sample. The respondents were grouped into two strata’s that is top level and middle level managers. Simple random sampling technique was used to select samples from each stratum proportionately; this helped in eliminating biasness on the part of the researcher when it comes to respondent selection. This technique gave each and every potential participant an equal chance of being selected and participating in the study. Mugenda and Mugenda (2003) suggested that in descriptive studies, ten percent to thirty percent (10% - 30%) of the survey population is representative enough to generalize characteristics being observed. This refers to the number of items to be selected from the target population to constitute a sample. Research is conducted on these items and results drawn and generalized on the whole population. Therefore the sample size should be representative of the population Kothari, (2004). The sample size is determined by use of a Taro Yamani formula as shown (Yamane, 1967).

\[ n = \frac{N}{1 + N(e)^2} \]

Where; \( n = \) Sample size

\( N = \) Population of the study

\( e = \) Tolerable error (5%)

College Simple size: \( n = \frac{40}{1 + 40(0.05)^2} = 36 \)

Top level managers: \( n = \frac{120}{1 + 120(0.05)^2} = 92 \) top level managers

Middle level managers: \( n = \frac{400}{1 + 400(0.05)^2} = 200 \) middle level managers

Data Collection Instruments

A structured questionnaire was used to collect information from respondents. This instrument was useful in collecting both qualitative and quantitative data as it had both open ended and closed ended questions. With open-ended questions, no pre-coded answers, that is, response categories were provided to respondents. In closed ended questions, response categories were provided and respondents only need to select a particular answer or answers. The use of this instrument was necessary, as the open-ended questions helped in supporting the respondents’

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choices in closed ended questions. The open-ended questions also allowed the researcher to find out the respondents' opinions of the subject matter under each objective while closed ended questions helped the respondents select from a predetermined category and helped to save on time and made it easy for analysis and grouping of answers. Questionnaires were preferred because according to Dempsey (2003) they are effective data collection instruments that allow respondents to give much of their opinions pertaining to the research problem. Kothari (2006) describes information obtained from questionnaires is free from bias and researchers influence and thus accurate and valid data was gathered. Structured interview schedule which had both open ended and closed ended questions was used for top level managers. This was administered together with questionnaires. Interviews were conducted to top level managers, while questionnaires were distributed to middle level managers and they were collected later.

**Data Analysis and Presentation**

Data collected from the field was cleaned, organized, coded using Statistical Package for Social Sciences (SPSS) to facilitate answering the research objectives. Quantitative data was analyzed statistically through use of descriptive statistics such as frequency distributions and percentages while qualitative data was analyzed using content analysis. The study also used multiple regression analysis to establish the relationship between the competitive strategies and performance of middle-level colleges in Thika Sub-county. Multiple regression is a flexible method of data analysis that may be appropriate whenever quantitative variables (the dependent) is to be examined in relationship to any other factors (expressed as independent) (Cohen, West and Aiken, 2003). The regression model to be applied is as follows:

\[ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + E \]

Where \( Y \) = Performance
\( \beta_0 \) = intercept
\( \beta_1 \) = slope of line of variable 1, Market focus
\( X_1 \) = variable 1, Market focus
\( \beta_2 \) = slope of line of variable 2, Pricing strategies
\( X_2 \) = variable 2, Pricing strategies
\( \beta_3 \) = slope of line of variable 3, Collaborations
\( X_3 \) = variable 3, Collaborations
\( \beta_4 \) = slope of line of variable 3, Adoption of Technology
\( X_4 \) = variable 3, Adoption of Technology
\( E \) = Error term.

Data collected and analyzed was presented in tables and bar graphs in order to give a visual and clearer presentation of the results. Qualitative data was presented using thematic narration.
RESEARCH RESULTS

The following is the summary of the research findings starting with general information followed by the findings on the respective research variables. The results of the research show that the majority of the respondents were between 21-30 years at 52%, they were diploma holders and they had worked for less than one year. In regard to setting of fees it was found that marketing team set the fees at 45% and there are special considerations that are made at 74% which include proprietor’s feedback on fees revision, the college expenditure, equipment if any bought during the period for a certain course and surveying around to know what other colleges are charging.

In regard to pricing strategies it was found that they affect performance through economies of scale by use of break-even points, charging low fees to enjoy large amount of revenue, reducing in operations expenses and time, efficient and effective services and offer courses with shorter duration helped in increasing students numbers which resulted to good performance. In addition, concerning the market focus strategies used by the middle level colleges in marketing, the study established that colleges target customers with specific training needs, targets customers based on their physiological aspects, college practices segmentation based on social class of the customers and colleges practices segmentation based on income level of the customers to increase students numbers. In relation to collaborations it was established that colleges rarely form linkages with services providers, suppliers and other supplementary institutions (mean 2.38) and they don’t use of horizontal integration such as acquiring other colleges to ease competition at (mean 2.31) but they partner with examination bodies with majority partnering with at least five bodies at 47%.

In regard to adoption of technology the study established that participants were neutral on the employee’s skills upgrading through continuous training at 2.71, while the participants agreed on the aspects of the colleges use of internet as a marketing strategy and the students use of online portal for registration with a mean of 3.78 and 3.76 respectively. The participants also disagreed on the aspects of students accessing results online and use of e-learning as a competitive advantage with a means of 2.36 and 2.31 respectively. In addition the study reveals that market focus strategies contribute 56.3% to college performance, pricing strategies contributes 46.6% to performance, collaborations contribute 26.7% and adoption of technology contributes 32.8% to performance of colleges. Hence there is a positive association between market focus, pricing strategies, collaborations, adoption of technology which affect performance of middle-level colleges in Thika Sub-County.

Inferential Analysis

The study used multiple regressions model to establish the relationship between the competitive strategies and performance of middle-level colleges in Thika Sub-county. Multiple regressions is a flexible method of data analysis that is appropriate whenever quantitative variables (the dependent) is to be examined in relationship to any other factors (expressed as independent or
predictor variable) (Cohen, West and Aiken, 2003). The regression model was applied as follows:

**Table 1: Regression Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.861a</td>
<td>.742</td>
<td>.741</td>
<td>.249</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Market focus, Pricing strategies, Collaborations, Adoption of technology

From the model summary the $R$ value represents the level of association where $R$ is 0.861 which indicates a strong positive association between market focus, pricing strategies, collaborations, adoption of technology and performance of middle-level colleges.

**Table 2: ANOVA Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>201.522</td>
<td>4</td>
<td>67.174</td>
<td>1080.155</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>70.087</td>
<td>1127</td>
<td>.062</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>271.609</td>
<td>1130</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance  
b. Predictors: (Constant), Market focus, Pricing strategies, Collaborations, Adoption of technology

The ANOVA table indicates that market focus, pricing strategies, collaborations, adoption of technology, significantly predicts the performance of middle-level colleges as shown by the $P$ value which is <0.05. This shows that it is not by chance that the Market focus, pricing strategies, collaborations, adoption of technology, affects colleges’ performance.

**Table 3: Regression Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B 2.025</td>
<td>Std. Error .075</td>
<td>Beta</td>
<td>Beta</td>
</tr>
<tr>
<td>Market Focus</td>
<td>.563</td>
<td>.017</td>
<td>.574</td>
<td>15.592</td>
</tr>
<tr>
<td>Pricing strategies</td>
<td>.466</td>
<td>.021</td>
<td>.108</td>
<td>3.070</td>
</tr>
<tr>
<td>Collaborations</td>
<td>.267</td>
<td>.017</td>
<td>.283</td>
<td>15.594</td>
</tr>
<tr>
<td>Adoption of Technology</td>
<td>.328</td>
<td>.013</td>
<td>0.456</td>
<td>4.56</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Middle-level Colleges
The Coefficients table provides us with a Constant ($\beta_0$) (2.025) and the coefficient of Market focus variable (0.563), Pricing strategies variables (0.466), Collaborations variable (0.267) and Adoption of technology variable (0.328) which helps in formulation of the linear regression equation.

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + E$$

Where:  
Y= Performance  
$\beta_0$ = intercept  
$\beta_1$ = slope of line of variable 1, Market focus  
$X_1$ = variable 1, Market focus  
$\beta_2$ = slope of line of variable 2, Pricing strategies  
$X_2$ = variable 2, Pricing strategies  
$\beta_3$ = slope of line of variable 3, Collaborations  
$X_3$ = variable 3, Collaborations  
$\beta_3$ = slope of line of variable 3, Adoption of Technology  
$X_3$ = variable 3, Adoption of Technology  
E = Error term.

$$Y = 2.025 + 0.563X_1 + 0.466X_2 + 0.267X_3 + 0.328X_4 + 0.249$$

The regression analysis reveals that market focus strategies contribute 56.3% to college performance, pricing strategies contributes 46.6% to performance, collaborations contribute 26.7% and adoption of technology contributes 32.8% to performance of colleges. Therefore, this study confirms that there is a positive association between Market focus, pricing strategies, collaborations, adoption of technology which affect performance of middle-level colleges in Thika Sub-County.

**CONCLUSIONS**

The study established that colleges carry out a survey to find out the fees being charged by other colleges in the areas so as to maintain their fees at a lower level than the competitors. The pricing strategy is implemented effectively when the business designs, produces, and markets comparable services and produces more efficiently than the industry competitors. The college
may have access to cheap materials or superior proprietary technology which helps to lower costs. The study revealed that colleges have a market focus strategy that they target, which was based on the low income earners in the suburb of Thika Town and the form four leavers. The college chose to focus on a select customer group, services and products range because they are easily influenced and to adopt the courses. Some colleges have chosen to have fewer courses than others in order for them to offer quality so as to attract more referrals from them. The underlying premise here is that a firm is better able to serve a small group more competently than others in the industry.

The study found that colleges are partnering with examination bodies. Moreover, the middle-level colleges give a lot of attention to individuals who want to be developed and outsource distribution and some services to cut on operation cost. The relationship between innovation and collaboration is frequently emphasized and recognized as prospective source of competitive advantage. The adoption of technology was also emphasizes as competitive advantage strategy but most of the colleges did not pay much attention to technology in delivering the training or enrolling students. The rapid technological growth is on the increase which has brought remarkable changes in the twenty-first century, as well as affected the need of contemporary society. Technology in teaching and other fields is becoming increasingly important in our day to day activities and in our learning scheme. Hence, there is increased demand in usage of ICT in the education sector.

Middle level college’s comprises of very young and talented employees and therefore it’s critical for them to realize that the individual employee skills concerning the training and management, has an impact on the competitive advantage and future growth. The college that empowers its employees with skills to perform their duties could realize tremendous growth, performance and productivity. The institutions should develop a culture that embrace positive changes for tremendous improvement in the execution of its duties and hence accomplishment of the set objectives. The strengths of employees should be directed towards input for excellent performance in the areas of implementation of colleges’ strategic plans. It’s therefore important that managers of the colleges that every little resource they have matters in creating a competitive advantage, in creating linkages, training of staff, and collaborations.

**RECOMMENDATIONS**

The firms must continuously strive to impose their strategies as well as their competitive position, because it is only through constant enhancement that one counters competitors that are both duplicating and upgrading themselves in order for them maintain competitive advantage and achievement in their line of business. The study focused on the effects of competitive strategies on performance of middle level colleges in Thika Sub County. The study recommends that middle level colleges should invest in advanced technologies and ensure that their employees’ skills are continually updated through training, they do promotion through the internet, they
ensure that their students can access online portal for registration, they dispatch student results online and they offer virtual learning as a competitive advantage. The study also recommends that middle level colleges should embrace collaborations with other supplementary institutions and forming linkages so that they can extend the learning base for their students and ensure that they are able to benchmark their services so that they can improve the quality of their services. The study will give a constructive base upon which further studies in the industry could be conducted. There is need to carry out similar studies in different levels of higher learning institutions to ascertain how their performance is affected by the competitive strategies they employ. The study also contributes to the accessible writings in the area of competitive strategies that academicians could use as a basis of further research.

REFERENCES


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