STRATEGIES ADOPTED BY PROFESSIONAL EXAMINATION BODIES IN KENYA TO GAIN COMPETITIVE ADVANTAGE

BY

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature ........................................ Date .................................

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D61/60025/2011

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

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DEDICATION

This project is dedicated to the Almighty God, for having given me the chance to undertake my MBA, providing the time and resources needed to complete it.

Special dedication to my mother, sisters, son and niece for having believed in me that I would make it through, and for walking with me throughout this journey.
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ABSTRACT

In the formulation an organization corporate strategy, researchers have emphasized the importance of fitting or aligning the organization's strategy with an appraisal of the firm’s internal and external assessment of environmental opportunities and threats. The objective of the study was to determine the strategies adopted by professional examination bodies in Kenya to gain competitive advantage. The study adopted descriptive and cross sectional research design. The population of the study was all the ten professional bodies in the Kenya. Primary data was collected using a structured questionnaire. The data was analyzed by the use of descriptive statistics to summarize and relate variables which were attained from the administered questionnaires. A multiple regression model was developed to describe the relationship between the strategies adopted and level of competitive advantage by professional body. The findings of the study were that resource based strategy, pricing strategy, focus strategy, cost leadership strategy and differentiation strategy was used to achieve competitive advantage. The study found out that the examination bodies achieve competitive advantage through superior quality of examination, examination diversity, speed of releasing examination results, differentiation strategy, cost leadership strategy, pricing strategy, unique resources, institutions’ protection policy (in terms of patents, copyrights, trademarks), unique corporate culture and examination flexibility. Firms combine their resources (core competencies and capabilities) to develop a strategic path highlighting the interaction between the industry and the firm, having the foresight to identify which resources or capabilities, as processes, would lead to superior resources and capabilities.
1.1 Background of the Study

In the formulation an organization corporate strategy, researchers have emphasized the importance of fitting or aligning the organization's strategy with an appraisal of the firm’s internal and external assessment of environmental opportunities and threats. They argue that alignment is important in the strategy formulation stage as well as in their implementation since implementation is fostered by aligning and adjusting key systems, processes, and decisions within the firm (Kaplan, 2005). Firms have re-examined themselves in order to determine internal areas that give them an edge for competitors through a process of aligning their operations and resources in such a manner that synergy will be achieved. According to Porter (1996), a firm's ability to seek and achieve higher performance as well as competitive advantage rests on its ability to acquire and deploy resources that are coherent with the organization's competitive needs and such alignment process requires a shared understanding of organizational goals and objectives by managers at various levels and within various units of the organizational hierarchy.

Flexibility and adaptability have become key management concepts to develop a sustainable competitive advantage, and successful firms apply them in new organizational strategies that put into question many conventional tenets on organizations and their management. The search for a system’s flexibility, responsiveness and reliability on the one hand, and low costs on the other, has led to the reconfiguration of the design and production activities and thus advocated the
changes in the overall supply chain management (Suri, 1998). According to Porter (1980), the ability of firms to survive in the business environment is dependent upon their selection and implementation of a strategy that differentiates the firm from competitors. The characteristics of the competitive context are considered to be the factor that most strongly influences the type of strategy a company pursues or can formulate, and the level of profitability.

The professional examination bodies in Kenya are challenged by changes taking place across all sectors of human endeavor: political; technological; economic as well as social. There has been an upsurge in the number of students undertaking professional courses to back up their profession. The challenge for the association, in this regard, is to match itself with the needs and expectations of its members and stakeholders. This calls for the development and implementation of a clearly focused strategy. Such a strategy will recognize the opportunities and challenges in the environment; and provide an effective thrust for balancing the needs of all members with the internal institutional capacity. The essence of strategy for an organization is to find a position in its industry where it can best cope with these competitive forces or can influence them in its favor. Knowledge of the underlying sources of competitive pressure can reveal the basic attractiveness of an industry, highlight the critical strengths and weaknesses of a company, clarify the areas where strategic changes may yield the greatest payoff and pinpoint the industry trends that promise the greatest

1.1.1 Concept of Strategy

A strategy is a pattern or plan that integrates an organizations major goal, policies and action sequences into a cohesive whole (Porter, 1980). According to Tan and Litschert (1994) strategy refers to the competitive methods used by firms to establish their positions in a particular market.
It reflects the firm’s short-term and long-term responses to challenges and opportunities posed by the business environment. Company strategy determines how a firm attracts its customers and deals with its competitors, suppliers and other institutions for survival and growth. Strategy must be judged on its performance and effectiveness to meet the overall vision mission and objectives. A strategy is not an end by itself but a means to attain the stated goals.

Johnson and Scholes (2000 pg. 12) define strategy as “the direction and scope of an organization over long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. Strategy therefore can be seen as the matching of the resources and activities of an organization to the environment in which it operates. Strategy helps to achieve success whether in business or otherwise, success in this context refers to the realization of objectives that are desired. Effective strategy is formulated around four factors. These are, the goals and objectives are simple, consistent and relate to the long term, there is profound understanding of the competitive environment, there is an objective appraisal of the resources available and that there is effective implementation (Hitt et al., 2008).

Mintzberg (1988) proposes five formal definitions of strategy as plan, ploy, pattern, position and perspective. Strategy is a plan, some sort of consciously intended course of action, a guideline (or a set of them) to deal with a situation. Strategy can be a ploy, just a specific ‘maneuver’ intended to outwit an opponent or competitor. Strategy is a pattern, specifically a pattern in a stream of actions. Strategy is a position, this means specifically identifying where the organization locates itself in what is known in the management literature as ‘environment’ for a
business firm, usually a market. Strategy is a perspective, its content consists not just a chosen position but an ingrained way of perceiving the world.

1.1.2 Competitive Advantage

Competitive advantage is the ability of the firm to occupy a superior position in an industry and outperform its rivals on the primary performance goal—profitability. Firms strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns or has the potential to earn a persistently higher rate of profit (Hill et al., 2001). Barney (2008) defines competitive advantage as being sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering. Barney (2008) distinguishes between two types of competitive advantage: temporary and sustainable competitive advantage. Competitive advantage typically results in high profits, but these profits attract competition, and competition limits the duration of competitive advantage in most cases, therefore most competitive advantage is temporary (Barney, 2008). On the other hand, some competitive advantages are sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering (Barney, 2008).

Competitive advantage can arise from various sources. According to Porter (1985), a firm can achieve a higher rate of profit (or potential profit) over a rival in one of two ways: either it supplies an identical product or service at a lower cost, in which case the firm possesses a cost advantage; or it can supply a product or service that is differentiated in such a way that the customer is being able to pay a price premium that exceeds the additional cost of the
differentiation advantage. Differentiation by a firm from its competitors is achieved when it provides something unique that is valuable to buyers beyond simply offering a lower price. Emphasizing the importance of innovation, Grant (1997) points out that innovation not only creates competitive advantage, it also provides a basis for overturning the competitive advantage of other firms. A firm with a distinctive competence can differentiate its products—provide something unique that is valuable to buyers, or achieve substantially lower cost than its rivals. Consequently, the firm creates more value than its rivals and earns a profit rate substantially above the industry average.

1.1.3 Professional Examination Bodies in Kenya

Kenya has always placed professionalism as a priority at all levels and in all areas, hence the need of professional examination bodies. In Kenya examination bodies are established under an Act of parliament. The examination bodies are mandated to register, administer, and process examinations (Walter 2010). Examination bodies are also in charge of research of examination and curriculum development. In order for the examination bodies to achieve their objectives, they develop the exams, moderates, proofread prints, distribute, administer, marks, and process the examinations, and awards certificates to the successful candidates. Professional examination bodies established in Kenya under an Act of parliament are the Kenya National Examination Council (KNEC) and Kenya Accountancy and Secretarial National Examination Board (KASNEB).

Kimani (2006) KNEC has cut itself a niche in the world of examinations by setting examination standards which are recognized and accepted nationally and internationally. Apart from offering the school examinations namely KCPE and KCSE, KNEC also offers professional examinations such as those in the business and technical areas. KASNEB on the other hand offers post
secondary professional examinations both locally and internationally, and has specialized in accountancy, finance, governance and management, and information technology.

The examination industry has been evolving quite fast, and the services offered by these examination bodies have become highly competitive. They are not only faced with fierce competition among themselves, but also from other international bodies. For the examination bodies to remain competitive in the market, they need to diversify their products through introduction of new courses. The issues and challenges facing the examination industry have been unpredictable, due to globalization and intense competition, hence the need for development that lead to gaining a competitive advantage (Martin, 2009).

1.2 Research Problem

Organizations need to create a customer experience that keeps customers coming back, a strategy which will ultimately separate one’s firm from the competition. Building customer loyalty starts with a commitment to deliver excellence at every moment of serving the customers and must extend from upper management to every frontline employee. According to Rivard et al. (2006), strategic fit among organizational activities is fundamental not only to create competitive advantage but also for sustainability. They posit that it is harder for a rival to match an array of interlocked activities than it is merely to imitate a particular sales-force approach, match a process technology, or replicate a set of product features. Further Jean et al., (2008) suggested that when formulating a corporate strategy, it is important for it to fit or be aligned with the internal appraisal of the firm and an external assessment of environmental opportunities and threats.
The professional examination bodies in Kenya are attempting to meet its clients’ needs by devising and implementing a variety of methods, long-term strategies, plans and activities. At present the strategies adopted by the professional examination bodies are becoming highly important and critical as the competition in the education sector has intensified to the extent that firms need to change their strategies in order to survive. It is important in a sense that it enables the bodies to be cost effective, quality conscious and highly competitive in the contemporary global market. The professional examination bodies must evaluate its internal and external factors and formulate appropriate strategy congruent to the present situation.

Recent studies done in the area of strategies adopted to gain competitive advantage include Wamalwa (2009) who researched on the strategies for developing sustainable competitive advantage at GlaxoSmithKline Kenya limited established that the company uses collaborative strategies, target marketing, offensive strategies and human resource management. Muinde (2010) researched on strategies employed by National Housing Corporation to achieve competitive advantage. The findings were that the corporation successfully integrates competitive, collaborative, grand and resource based strategies in order to achieve competitive advantage. Oori (2010) researched on the strategies employed by commercial banks in Kenya to build competitive advantage and established that the commercial banks have adopted both the lower cost structure and differentiated products in a bid to build competitive advantage. Lower cost structure has been achieved by charging fees lower than other banks while differentiated products were achieved by identifying needs of prospective customers and focusing on products and services not offered by other banks.
Awori (2011) undertook a research on the strategies adopted by Equity bank to develop sustainable competitive advantage and found out that the bank has continued reinventing itself time after time in order to stay competitive. Constant analysis of both the internal and external environment has proven to be the key in identifying new strategies. Wambura (2012) worked on the Strategies adopted by Nairobi Java house to gain competitive advantage and found out that the strategies that Nairobi Java House adopts to achieve competitive advantage include: differentiation; product development; product pricing; market development; market expansion; diversification; and cost leadership strategy. Barasa (2012) researched on strategies adopted by Mumias company ltd to gain competitive advantage and established that of differentiation and diversification strategies. Differentiation strategy was manifest through initiatives put forward by the company like, branding of its sugar products in diverse sizes of a quarter, half, one, two and five kilogram packets which cater for all classes of consumers in the market place. From the findings, there is no study that has been done on strategies which are adopted by the professional examination bodies. The study will therefore intend to determine; what strategies does professional examination bodies adopt?

**1.3 Research Objective**

To determine the strategies adopted by professional examination bodies to gain competitive advantage.
1.4 Value of the Study

The study will be of value to:

The management of the professional examination bodies will be in a position to put in place strategies which they can adopt in the face changing educational environment. The findings of this study will form part of the action plans that will help professional examination bodies to be innovative so that they can gain competitive advantage over its competitors as they will be able to make informed decisions on issues that will boost student enrolment.

Future scholars may use the results of this study as a source of reference. The findings of this study can be compared with strategic management in other sectors to draw conclusions on various ways an institution can respond to competitive forces in the environment. It will also benefit consultants who endeavor to provide assistance to successful running of organizations in developing and sustaining a competitive edge in their environment.

The study will also create a monograph which could be replicated in other professional examination bodies in Kenya. Most important, this research is further aimed at offering some practical suggestions on the strategies to be put in place in order to gain competitive advantage. For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Scholars will find it important as the study will increase to the body of knowledge in this area.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are the theoretical framework, strategies adopted to gain competitive advantage and the link between competitive advantage and strategies adopted.

2.2 Theoretical Framework

According to Kilbourn (2006), the theoretical perspective in a research reflects the researcher’s theoretical orientation, which is crucial to interpreting the data in a qualitative study, irrespective of whether it is explicitly or implicitly stated. In other words, theoretical perspectives play a role as the filter for focusing and bounding the data to be collected.

2.2.1 Resource based view

The resource-based theory argues that any firm is essentially a pool of resources and capabilities which determine the strategy and performance of the firm; and if all firms in the market have the same pool of resources and capabilities, all firms will create the same value and thus no competitive advantage is available in the industry (Barney, 1991). The basis of the resource-based view is that successful firms will find their future competitiveness on the development of distinctive and unique capabilities, which may often be implicit or intangible in nature. Thus, the essence of strategy is or should be defined by the firm’s unique resources and capabilities. Furthermore, the value creating potential of strategy, that is the firm’s ability to establish and
sustain a profitable market position, critically depends on the rent generating capacity of its underlying resources and capabilities (Conner, 1991).

The resource based theory suggests that competitive advantage and performance results are a consequence of firm-specific resources and capabilities that are costly to copy by other competitors (Barney, 1991). These resources and capabilities can be important factors of sustainable competitive advantage and superior firm performance if they possess certain special characteristics. They should be valuable, increasing efficiency and effectiveness, rare, imperfectly imitable and non-substitutable (Barney 1991).

### 2.2.2 The Porter’s five forces perspective

The theoretical perspective views competitive advantage as a position of superior performance that a firm achieves through offering cost advantages or benefit advantages (Porter, 1980). This model attributes competitive advantage to the external environmental factors that a firm must respond to such as erecting barriers of entry to competitors, product differentiation, capital requirements, and buyer switching costs (Lado et al., 2002).

Industry structure determines who will capture the value, but a firm is not a complete prisoner of industry structure - firms can influence the five forces through their own strategies. The five forces framework highlights what is important, and directs managers toward those aspects most important to long-term advantage. In this framework, gaining competitive advantage is determined primarily by responding effectively to industry-specific requirements. The five forces model constitutes a very useful way of thinking about and analyzing the nature of competition within an industry. However, the model presents a static picture of competition which slights the role of innovation and de-emphasizes the significance of individual company differences while
overemphasizing the importance of industry and strategic group structure as determinants of company profit rates (Ghemawat et al., 2009).

2.3 Strategies adopted to gain competitive advantage

Strategy is an essential part of any effective business plan. By using an effective competitive strategy, an organization finds its industry niche and learns about its customers (Porter, 1980). However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Hlavacka et al., 2001). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage.

2.3.1 Resource Based Strategy

Resources are defined as “stocks of knowledge, physical assets, human capital, and other tangible and intangible factors that a business owns or controls, which enable a firm to produce, efficiently and/or effectively, market offerings that have value for some market segments” (Capron and Hulland, 1999, p. 42). Barney (2001) noted that the use of resources has many potential advantages for firms such as the achievement of greater efficiency and therefore lower costs, increased quality and the possibility of greater market share and/or profitability. A central premise of the resource-based view is that firms compete on the basis of their resources and capabilities (Peteraf and Bergen, 2003). The competitive value of resources can be enhanced or eliminated by changes in technology, competitor behavior, or buyer needs which an inward focus on resources will overlook”. Similarly, Levinthal and Myatt (1994, p. 46) argue that “many organizational capabilities emerge, are refined, or decay as a result of, or an absence of, product market activity”.
The resource-based view of strategy regards strategic (rather than economic) resources as firm specific and difficult for rivals to buy or copy and which have value to managers in influencing the direction and growth of a firm. This view understands strategic resources as tangible and intangible assets that when combined will help to constitute a firm's competitive advantage (Barney, 2001). The softer components of organizational resources, such as staff and skills, and how these are managed in operational teamwork against top-level targets and longer-term strategy, are central to the management of strategic resources. The resource-based view regards the firm as a cognitive system, which is characterized by idiosyncratic and context-dependent competences that are core to strategic purpose. These are conditioned by hierarchical capabilities, or sets of routines, involved in the management of the firm's core business processes that help to create value.

The resource-based view (RBV) emphasizes the firm’s resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage (Peteraf and Barney, 2003). It assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control and also that resource heterogeneity may persist over time because the resources used to implement firms’ strategies are not perfectly mobile across firms (some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage.

The argument goes “If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market” (Cool et
The assumed heterogeneity and immobility are not, however, sufficient conditions for sustained competitive advantage. According to Barney (1991), a firm resource must, in addition, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage.

2.3.2 Pricing Strategy

Pricing strategy is another technique that can be used to improve an organization’s overall competitiveness. The key to success is to have a well-planned strategy, to establish policies and to constantly monitor prices and operating costs to ensure profits. An important part of the pricing strategy is determining how product or service is priced. In the case of a professional body for example, they believe that it is the cost and benefit element that is the most important factor when selecting a professional institution (Ahmad and Haron, 2002). Most customers still seek the highest return and lowest charges imposed when deciding which institution to study at.

By monitoring movement in the market share of major products, a firm can find out the strengths of their market position; the market share also indicates the strengths of different competitors. That information may not be reflected in company’s annual report, but according to Simmonds’ argument, the market share details can help management accounting more strategically relevant. Price is an attribute that must be given up or sacrificed to obtain certain kinds of products or services (Zeithaml, 1998).

Customers are normally price conscious in their purchasing behaviour and price is also an important factor in choice situations as a consumer's choice typically relies heavily on the price of alternatives. Varki and Colgate (2001) identified that the role of price, as an attribute of performance, may have a direct effect on customers’ satisfaction and behavioural intentions.
2.3.3 Differentiation Strategy

Differentiation strategy is usually developed around many characteristics such as product quality, technology and innovativeness, reliability, brand image, firm reputation, durability, and customer service, which must be difficult for rivals to imitate. A firm implementing a differentiation strategy is able to achieve a competitive advantage over its rivals because of its ability to create entry barriers to potential entrants by building customer and brand loyalty through quality offerings, advertising and marketing techniques. Thus, a firm that implements a differentiation strategy enjoys the benefit of price-inelastic demand for its product or service. This would in turn help the firm to avoid potentially severe price competition and allow it to charge premium prices leading to above-normal profits (Porter, 1980). The successful implementation of the differentiation strategy requires resources and skills such as strong marketing capabilities, product engineering skills, creative flare, corporate reputation for quality, reliable and durable products and/or technological leadership, and strong cooperation from distribution channels (Porter, 1980).

When using this strategy, a company focuses its efforts on providing a unique product or service (Hlavacka et al., 2001). Since, the product or service is unique; this strategy provides high customer loyalty (Porter, 1985). Product differentiation fulfills a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support. Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the
distribution channels. The quality may be real or perceived based on fashion, brand name, or image. The differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique or quality product and willing to pay a higher price.

2.3.4 Cost Leadership Strategy

Cost leadership strategy is usually developed around organization-wide efficiency. In order for firms implementing the cost leadership strategy to maintain a strong competitive position and sustain their profit margins for a considerable period of time, they have to place a premium on efficiency of operations in all functional areas (Porter, 1980). Firms that implement a cost leadership strategy are able to secure a relatively large market share by being the lowest cost producers or service providers in their industry or market. Thus, firms implementing the cost leadership strategy can obtain above-normal profits because of their ability to lower prices to match or even below those of competitors and still earn profits. By pursuing low costs, companies not only operate efficiently, but also become an effective price leader, undermining competitors’ growth in the industry through its success at price war and undercutting the profitability of competitors. If the firm’s cost of sale or cost of raw material is lower than its competitors, then the firm can offer lower prices, higher quality, or both (Spulber, 2009, p.356).

Lower costs and cost advantages result from process innovations, learning curve benefits, and economies of scale, product designs reducing manufacturing time and costs, and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product/service more efficiently than its competitors. The firm may have access to raw materials or superior proprietary technology which helps to lower costs. Firms do not have to sacrifice revenue to be the cost leader since
high revenue is achieved through obtaining a large market share (Bauer and Colgan, 2001). Lower prices lead to higher demand and, therefore, to a larger market share. As a low cost leader, an organization 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 (Porter, 1980). The cost leadership strategy creates little customer loyalty and if a firm lowers prices too much, it may lose revenues.

2.3.5 Focus Strategy

In the focus strategy, a firm targets a specific segment of the market (Davidson, 2001). The firm can choose to focus on a select customer group, product range, geographical area, or service line (McCracken, 2002). 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 product specifications or requirements. A successful focus strategy 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 firms 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 firms (Davidson, 2001).

According to Lahtinen and Toppinen (2006) the focuser selects a segment of group of segments in the industry and tailors its strategy to serving them to the exclusion of others. By optimizing its strategy for the target segments, the focuser seeks to achieve a competitive advantage in its
target segments even though it does not possess a competitive advantage overall. The focus strategy has two variants. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segments and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments. Such differences imply that the segments are poorly served by broadly-targeted competitors who serve them at the same time as they serve others. The focuser can thus achieve competitive advantage by dedicating itself to the segments exclusively. Breadth of target is clearly a matter of degree, but the essence of focus is the exploitation of a narrow target's differences from the balance of the industry.

2.4 Competitive Advantage and Strategies Adopted

Coyne (2006) proposes that in order to possess a sustainable competitive advantage, consumers must perceive some difference between an organization’s product offering and the competitors’ offering. This difference must be due to some resource capability that the firm possesses and competitors do not possess. Also, this difference must be some product/delivery attribute that is a positive key-buying criterion for the market. The key is being able to predict the actions of others in the industry over time; by matching the firm’s resources to the gaps and voids that exist in the industry, a competitive advantage can be created. This advantage is sustained if competitors either cannot or will not take action to close the gap (Coyne, 2006). Fahy and Hooley (2002)
argue that the notion that both resources and the environment have a relatively equal and important role in the success of firms is not new and that evidence of this kind of thinking is found in much of the early strategic management literature.

Porter’s (1980) approach to the analysis of competitive advantage focuses on the study of the influence of the external environment on a firm's strategy. According to this perspective, the firm's success is the result of the firm's ability to respond to threats and opportunities existing in the specific industry environment in which it operates. The concept of competitive advantage evolved from an industry environment perspective to the analysis of inner resources, to a perspective where the knowledge and specific competencies are embedded in the organizations. According to Porter (1985), a firm’s ability to outperform its competitors rests in its ability to translate competitive strategy into competitive advantage. This view focused on the structure of the markets and the nature of competition in different industries.

Porter (1985) competitive strategy entails positioning the firm favorably in an industry relative to its competitors. A firm's relative position within an industry is given by its choice of competitive advantage (cost leadership versus differentiation) and its choice of competitive scope. A firm can achieve competitive advantage over rivals either by supplying identical products or services at lower cost or by supplying products or services which are differentiated, such that the customer is willing to pay a price premium which exceeds the additional cost of differentiation. Porter (1985) affirms that competitive advantage grows out of the value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price.
The drivers of cost advantages are economies of scale, economies of learning, production techniques and these costs advantages can be achieved if the firms have superior advantages of purchasing, advertising and research and development. Usually larger and more reputed firms may enjoy benefits of bulk purchases at a lower unit price, large coverage of advertisement at a lower advertising cost per consumer, and research and development spillovers when ideas developed in one project are of help in another project (Besanko et al, 2003). Therefore, for firms with resources and capabilities that enable the drivers of cost advantages, a cost leadership strategy is favored to create competitive advantages.

As far as differentiation strategy is concerned, Grant (2005) argues that firms need to consider their internal strengths in terms of resources and capabilities to determine whether they have potential and advantages for differentiation compared with their competitors. Usually, differentiation requires high levels of technologies and services, which, in turn, requires significant superior information system supporting fast response capabilities, training to support customer service excellence, and fast new product development. In addition, each activity along the value chain is also very important, such as quality of components and materials, wide variety of product, fast delivery, efficient order processing, strong brand reputation, and customer after-sale services (Grant, 2005). These resources and capabilities provide favorable conditions for firms to pursue a differentiation strategy.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that will be used to carry out the survey, what will inform the selection of the research design, the target population, sampling method to be used, data collection instrument and how data will be analyzed, interpreted and presented.

3.2 Research Design

A cross sectional research design will be used in the study. This research design will enable the researcher to document the behaviour of the respondents in the market since there could be a problem in specifying and measuring some variables which could still be proxy to for many competing hypotheses (Graham et al., 2005).

A cross sectional study will be used to determine the interrelationship between the variables under consideration among the different professional examination bodies in the study. This will permit the researcher to make statistical inference on the broader population and generalize the findings to real life situations and thereby increase the external validity of the study.

3.3 Population of the Study

The population of interest for this research will be all the major professional examination bodies in Kenya which have their head offices in Nairobi. There are ten registered professional examination bodies operating in Nairobi (Appendix II). Nairobi for purposes of this study is the area under the jurisdiction of the governor of Nairobi County.
Since majority of the professional examination bodies have their headquarters in Nairobi and its environs, it is going to be convenient in terms of time and accessibility to the researcher. In addition, because the number of the respondents is limited, then the study will be a census survey.

3.4 Data Collection

Primary data will be collected by means of a structured questionnaire (Appendix I). A questioner will be appropriate in this study because new explanation of the observed strategies may be found and assumptions underlying any of the practices can be examined in more detail. The questionnaires will be hand delivered to the respondents’ offices with a request to fill in the questionnaire in one week time where upon it will be collected. The target respondents will be marketing managers and business development managers in the professional examination bodies.

The survey instrument will involve both closed and open-ended questions. The open-ended questionnaire will seek to encourage respondents to share as much information as possible in an unconstrained manner while the closed-ended questionnaire will involve “questions” that could be answered by simply checking a box from a pre-determined set of responses presented in a five-point Likert scale.
3.5 Data Analysis and Presentation

The data will be analyzed by the use of descriptive statistics to summarize and relate variables which will be attained from the administered questionnaires. The data will be classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables while tables and graphs will be used for presentation of findings. However, before final analysis is performed, data will be cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated.

A multiple regression model will be developed to describe the relationship between the strategies adopted and level of competitive advantage by professional examination bodies. The regression equation will assume the form:

\[ Y = \beta_0 + \beta_1 \text{ResB} + \beta_2 \text{Pric} + \beta_3 \text{Foc} + \beta_4 \text{CosL} + \beta_5 \text{CosL} + \beta_6 \text{DifS} + \alpha \]

Where \( Y \) = Level of Competitive Advantage

\( \beta_0 \) = Constant factor

\( \text{ResB} \) = Resource based Strategies

\( \text{Pric} \) = Pricing Strategies

\( \text{Foc} \) = Focus Strategies

\( \text{CosL} \) = Cost Leadership

\( \text{DifS} \) = Differentiation Strategy
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish strategies adopted by professional examination bodies in Kenya to gain competitive advantage. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 9 questionnaires were issued out and only 8 were returned. This represented a response rate of 88%. The completed questionnaires were edited for completeness and consistency.

4.2 Demographic Information

The demographic information considered in the study was respondents’ age bracket, highest level of education, length of service with the professional examination body and the duration of examination body existence.
4.2.1 Respondents Gender

The respondents were asked to indicate their gender and the results are presented in Figure 4.1.

**Figure 4.1: Respondents Gender**

![Pie chart showing 75% male and 25% female respondents.]

The results indicate that 75% of the respondents were male while 25% were female. This therefore means that majority of the respondent were male.

4.2.2 Respondents Age Bracket

The respondents were asked to indicate their age bracket and the results are presented in Figure 4.2.
4.2.3 Highest Level of Education

The respondents were requested to indicate the highest level of education and the results are presented in Table 4.1.

Table 4.1: Highest Level of Education

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post graduate</td>
<td>5</td>
<td>62.5</td>
<td>62.5</td>
</tr>
<tr>
<td>University</td>
<td>3</td>
<td>37.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The result on the highest level of education was that 62.5% of the respondents had attained post graduate level while 37.5% of the respondents had attained university level. The results indicate that majority of the respondents were learned and thus able to implement the professional examination body strategies in order to achieve competitive advantage.
4.2.4 Length of Service with Examination Body

The respondents were requested to indicate the length of service in the professional examination body and the results are presented in Table 4.2.

**Table 4.2: Length of Service with Examination Body**

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 – 10</td>
<td>3</td>
<td>37.5</td>
<td>37.5</td>
</tr>
<tr>
<td>Over 10</td>
<td>5</td>
<td>62.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The results on the length of service was that 62.5% of the respondents had worked in the examination body for over 10 years while 37.5% of the respondents indicated that they have worked for 5 to 10 years. The results indicate that majority of the respondents have worked in the examination bodies for a longer duration of time and thus they understand the strategies being used by the organization in order to achieve competitive advantage.

4.2.6 Duration of Professional Examination Body Existence

The respondents were asked to indicate the duration the examination body has been in existence.

**Table 4.3: Duration of professional examination body existence**

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 – 30</td>
<td>2</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td>31 – 40</td>
<td>2</td>
<td>25.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Over 41</td>
<td>4</td>
<td>50.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The results indicate that 50\% of the professional examination bodies have been in operation for over 41 years, 25\% of the examination bodies have been in operation for 31 to 40 years while another 25\% of the examination bodies have been in existence for 21 to 30 years. The results indicate that the examination bodies have been in existence for a longer duration of time and thus they can develop a competitive position that helps the firm to more accurately forecast both the short and long-term growth and its competitive advantage potential.

4.3 Competitive Advantage

Firms strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns or has the potential to earn a persistently higher rate of profit.

4.3.1 Competitive Advantage Achievement

The respondents were requested to indicate the extent to which the examination bodies adopt the statements in order to achieve competitive advantage in a five point Likert scale. The range was ‘Not at all (1)’ to ‘very great extent’ (5). The scores of not at all and little extent have been taken to represent a variable which had a mean score of 0 to 2.4 on the continuous Likert scale; (0 ≤ S.E <2.4). The scores of ‘moderate extent’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: (2.5 ≤ M.E <3.4) and the score of both great extent and very great extent have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5 ≤ L.E. <5.0). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents. The results are shown in Table 4.4
Table 4.4: Competitive Advantage Achievement

<table>
<thead>
<tr>
<th>Competitive Advantage Achievement</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution has a competitive advantage over its rivals due to its examination flexibility</td>
<td>3.7641</td>
<td>1.58114</td>
</tr>
<tr>
<td>The institution has a competitive advantage over its rivals due to its unique corporate culture</td>
<td>3.8265</td>
<td>.99103</td>
</tr>
<tr>
<td>The institution has achieved a competitive advantage through its cost leadership strategy</td>
<td>4.0297</td>
<td>.92582</td>
</tr>
<tr>
<td>The institution has achieved a competitive advantage through its differentiation strategy</td>
<td>4.0568</td>
<td>1.19523</td>
</tr>
<tr>
<td>Pricing strategy is a source of competitive advantage to the examination body</td>
<td>3.9946</td>
<td>1.16496</td>
</tr>
<tr>
<td>Speed of releasing examination results has led to achieving competitive advantage</td>
<td>4.2516</td>
<td>.88641</td>
</tr>
<tr>
<td>Unique resources are a source of sustained competitive advantage in our examination body</td>
<td>3.9722</td>
<td>.51755</td>
</tr>
<tr>
<td>The superior quality of examination is a source of competitive advantage to the institution</td>
<td>4.4432</td>
<td>.70711</td>
</tr>
<tr>
<td>Examination diversity is a source of competitive advantage</td>
<td>4.3256</td>
<td>.51755</td>
</tr>
<tr>
<td>Institutions’ protection policy (in terms of patents, copyrights, trademarks) is a source of competitive advantage</td>
<td>3.8958</td>
<td>.74402</td>
</tr>
</tbody>
</table>

The results indicate that professional examination bodies have achieved competitive advantage through superior quality of examinations (mean 4.4432), examination diversity (mean 4.3256), speed of releasing examination results (mean 4.2516), differentiation strategy (mean 4.0568), cost leadership strategy (mean 4.0297), pricing strategy (mean 3.9946), unique resources (mean 3.9722), Institutions’ protection policy (in terms of patents, copyrights, trademarks) (mean 3.8958), unique corporate culture (mean 3.8265) and examination flexibility (mean 3.7641).

The results indicate that the professional examination bodies achieve competitive advantage from various sources and this is consistent with Coyne (2006) findings that in order to possess a
sustainable competitive advantage, consumers must perceive some difference between an organization’s product offering and the competitors’ offering. This difference must be due to some resource capability that the firm possesses and competitors do not possess. Also, this difference must be some product/delivery attribute that is a positive key-buying criterion for the market.

4.3.2 Ways of Achieving Competitive Advantage

The respondents were requested to indicate the ways in which their professional examination body achieves competitive advantage in a five point Likert scale. The range was ‘Strongly disagree (1)’ to ‘strongly agree’ (5). The scores of strongly disagree/disagree have been taken to represent a variable which had mean score of 0 to 2.4 on the continuous Likert scale; (0 ≤ S.E < 2.4). The scores of ‘moderate’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: (2.5 ≤ M.E. < 3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5 ≤ L.E. < 5.0). A standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.5
### Table 4.5: Ways of achieving competitive advantage

<table>
<thead>
<tr>
<th>Ways of achieving competitive advantage</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The strengths of an organization are grounded in its resources, capabilities and competencies that help a company attain a competitive advantage based on superior efficiency, innovation, and quality and customer responsiveness</td>
<td>4.3792</td>
<td>.9079</td>
</tr>
<tr>
<td>Technology development, human resource management, procurement, and firm infrastructure enhances the performance of the primary activities</td>
<td>4.1143</td>
<td>.5799</td>
</tr>
<tr>
<td>Competitive advantage is gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices</td>
<td>4.1764</td>
<td>.4502</td>
</tr>
<tr>
<td>Competitive advantage is built upon a well-planned and executed strategy that is sustainable</td>
<td>3.8728</td>
<td>.7960</td>
</tr>
<tr>
<td>Competitive advantage is more likely to be based on support considerations, such as service quality, distribution channels or image and reputation factors, pertaining to the organization as a whole rather than any individual service offering</td>
<td>4.1954</td>
<td>.6855</td>
</tr>
<tr>
<td>Strategy and operational effectiveness are essential for an institution in order to gain competitive advantage</td>
<td>4.2286</td>
<td>.6598</td>
</tr>
</tbody>
</table>

The ways in which the professional examination bodies achieve competitive advantage was found to be the strengths grounded in resources, capabilities and competencies that help a company attain a competitive advantage based on superior efficiency, innovation, and quality and customer responsiveness (mean 4.3792), strategy and operational effectiveness (mean 4.2286), service quality, distribution channels or image and reputation factors, pertaining to the organization as a whole rather than any individual service offering (mean 4.1954), offering consumers greater value, either by means of lower prices or by providing greater benefits and
service that justifies higher prices (mean 4.1764), technology development, human resource management, procurement, and firm infrastructure enhances the performance of the primary activities (mean 4.1143) and well-planned and executed strategy that is sustainable (mean 3.8728).

The results indicate that competitive advantage achieved by the examination bodies depends on both resources and the environment. The findings are in line with Grant (2005) who submits that establishing competitive advantage involves formulating and implementing a strategy that exploits a firm’s portfolio of resources and capabilities. These resources are the essence of superior performance and since history matters groups of firm-specific assets need to be viewed in dynamic terms; as changing through time.

4.4 Strategies Adopted by Examination Bodies

A strategy determines how a firm attracts its customers and deals with its competitors, suppliers and other institutions for survival and growth. Strategy must be judged on its performance and effectiveness to meet the overall vision mission and objectives. Strategy helps to achieve success whether in business or otherwise, success in this context refers to the realization of objectives that are desired.

4.4.1 Effect of Resource Based Strategy

The respondents were requested to indicate the effect of strategies adopted by professional examination bodies’ competitive advantage in a five point Likert scale. The range was ‘very important (1)’ to ‘not important at all’ (5). The scores of very important/fairly important have been taken to represent a variable which had mean score of 0 to 2.4 on the continuous Likert
scale; \(0 \leq \text{S.E} < 2.4\). The scores of ‘not sure’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: \((2.5 \leq \text{M.E.} < 3.4)\) and the score of both not important and not important at all have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; \((3.5 \leq \text{L.E.} < 5.0)\). A standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents.

The respondents were asked to indicate the effect of resource based strategy on examination body’s competitive advantage. The results are presented in Table 4.6.

**Table 4.6: Effect of Resource Based Strategy**

<table>
<thead>
<tr>
<th>Effect of Resource Based Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution has sufficient resources that enables it to achieve competitive advantage</td>
<td>1.7541</td>
<td>1.38873</td>
</tr>
<tr>
<td>The institution resources enables it to achieve greater efficiency and therefore lower costs, increased quality and the possibility of greater market share and/or profitability</td>
<td>1.9865</td>
<td>1.30931</td>
</tr>
<tr>
<td>The resources that the firm has are firm specific and difficult for rivals to buy or copy</td>
<td>2.1272</td>
<td>.83452</td>
</tr>
</tbody>
</table>

The findings indicate that professional examination body’s have sufficient resources that enables it to achieve competitive advantage (mean 1.7541), resources enables it to achieve greater efficiency and therefore lower costs, increased quality and the possibility of greater market share and/or profitability (mean 1.9865) and that the firm has are firm specific and difficult for rivals to buy or copy (mean 2.1272). The results indicate that the professional examination bodies achieve competitive advantage as a result of management of physical and intellectual resources which form the core capability of the business. The results are in line with Teece et al., (2000)
findings that the resource-based approach sees firms with superior systems and structures being profitable not because they engage in strategic investments that may deter entry and raise prices above long-run costs, but because they have markedly lower costs or offer markedly higher quality or product performance.

4.4.2 Effect of Pricing Strategy

The respondents were requested to indicate the extent of competitive advantage achievement in the professional examination bodies as a result of pricing strategy.

Table 4.7: Effect of Pricing Strategy

<table>
<thead>
<tr>
<th>Effect of pricing strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution considers the cost and benefit element when selecting examinations to offer</td>
<td>1.9627</td>
<td>.6920</td>
</tr>
<tr>
<td>The institution uses management accounting function to assess other examination bodies cost structure and relate this to their prices</td>
<td>2.1262</td>
<td>.9901</td>
</tr>
<tr>
<td>The institution is price conscious of all its examinations</td>
<td>2.2316</td>
<td>.9833</td>
</tr>
</tbody>
</table>

As shown in table 4.7, competitive advantage was achieved by the professional examination bodies by considering the cost and benefit element when selecting examinations to offer (mean 1.9627), using management accounting function to assess other professional examination bodies cost structure and relate this to their prices (mean 2.1262) and being price conscious of all its examinations (mean 2.2316). The results indicate that organizations were able to achieve competitive advantage as a result of pursuing pricing strategy. Varki and Colgate (2001) noted that the role of price, as an attribute of performance, may have a direct effect on customers' satisfaction and behavioral intentions which affects an organizations competitive advantage.
4.4.3 Effect of Focus Strategy

The respondents were asked to indicate the effect of focus strategy on professional examination body’s competitive advantage.

Table 4.8: Effect of Focus Strategy

<table>
<thead>
<tr>
<th>Effect of Focus Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution focuses on a select customer group or product range</td>
<td>1.3712</td>
<td>.7440</td>
</tr>
<tr>
<td>The industry segment is large enough to have good growth potential as it is not of key importance to other institutions</td>
<td>1.5143</td>
<td>.5345</td>
</tr>
<tr>
<td>The institution uses focus-based strategies in conjunction with differentiation or cost leadership generic strategies</td>
<td>1.6250</td>
<td>.6606</td>
</tr>
<tr>
<td>Market segmentation</td>
<td>2.2558</td>
<td>.4880</td>
</tr>
</tbody>
</table>

Competitive advantage was achieved by the professional examination bodies by focusing on a select customer group or product (mean 1.3712), industry segment being large enough to have good growth potential as it is not of key importance to other institutions (mean 1.5143), using focus based strategies in conjunction with differentiation or cost leadership generic strategies (mean 1.6250) and market segmentation (mean 2.2558). The results indicate that by optimizing its strategy for the target segments, the professional examination bodies seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall. The results are in line with Davidson (2001) findings that focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms thus achievement of competitive advantage. The strategy enables the firm
to react more quickly and behave more flexible than rivals to customer needs, and also helps a firm to attract and retain customers.

### 4.4.4 Effect of Cost Leadership Strategy

The respondents were requested to indicate the effect of cost leadership strategy on professional examination body’s competitive advantage.

**Table 4.9: Effect of Cost Leadership Strategy**

<table>
<thead>
<tr>
<th>Effect of Cost Leadership Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution has latest technology that helps to lower costs</td>
<td>1.625</td>
<td>.7440</td>
</tr>
<tr>
<td>The institution chargers lower prices for registration and examinations</td>
<td>1.7832</td>
<td>.6606</td>
</tr>
<tr>
<td>Business process rationalization</td>
<td>2.7500</td>
<td>.8864</td>
</tr>
<tr>
<td>Staff reduction</td>
<td>2.5216</td>
<td>.7142</td>
</tr>
<tr>
<td>Automation of operations</td>
<td>1.5781</td>
<td>.7440</td>
</tr>
</tbody>
</table>

The results indicate that in order to achieve competitive advantage, the professional examination bodies automate its operations (mean 1.5781), use latest technology that helps to lower costs (mean 1.6250) and charging lower prices for registration and examinations (mean 1.7832). The respondents were not sure whether staff reduction (mean 2.5216) and business process rationalization (mean 2.7500) was used to achieve competitive advantage. The results indicate that by pursuing low costs, companies not only operate efficiently, but also become an effective price leader, undermining competitors’ growth in the industry through its success at price war and undercutting the profitability of competitors. The results are consistent with Porter (1996) findings that the competitive advantage of the firm can only be the result of strategic positioning.
This would imply that only by performing different activities or performing them differently from competitors, the firm can gain a competitive advantage, establishing a difference with respect to other firms and maintaining it over time.

### 4.4.5 Effect of Differentiation Strategy

The respondents were asked to indicate the effect of differentiation strategy on the professional examination body competitive advantage. The results are in Table 4.10.

**Table 4.10: Effect of Differentiation Strategy**

<table>
<thead>
<tr>
<th>Effect of Differentiation Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td>1.3189</td>
<td>.7071</td>
</tr>
<tr>
<td>The institution uses latest technology and innovativeness</td>
<td>1.6973</td>
<td>.6066</td>
</tr>
<tr>
<td>New products/services</td>
<td>1.7811</td>
<td>.8864</td>
</tr>
<tr>
<td>The institution has a good brand image</td>
<td>1.2784</td>
<td>.4629</td>
</tr>
<tr>
<td>Staff training</td>
<td>1.2630</td>
<td>.4629</td>
</tr>
<tr>
<td>The institution provides uniqueness examinations</td>
<td>1.3826</td>
<td>.7440</td>
</tr>
<tr>
<td>Technical quality of examinations</td>
<td>1.1250</td>
<td>.3535</td>
</tr>
<tr>
<td>The institutions examination are reliable</td>
<td>1.2500</td>
<td>.4629</td>
</tr>
<tr>
<td>The institution has built customer and brand loyalty through quality offerings, advertising and marketing techniques</td>
<td>1.3750</td>
<td>.7440</td>
</tr>
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</table>

The findings in table 4.10 was that competitive advantage in professional examination bodies was achieved through technical quality of examinations (mean 1.1250), institutions examinations are reliable (mean 1.2500), staff training (mean 1.2630), good brand image (mean 1.2784),
customer service (mean 1.3189), building of customer and brand loyalty through quality offerings, advertising and marketing techniques (mean 1.375), uniqueness of examinations (mean 1.3826), use of latest technology and innovativeness (mean 1.6973) and new products and services (mean 1.7811). The results indicate that the professional examination body’s uses the strategy and thus the message of differentiation must have reached the clients, as the customer's perceptions of the company are important and suggest bending the customer's will to match the company's mission through differentiation. The results are consistent with McCracken, (2002) findings that the key step in devising a differentiation strategy is to determine what makes a company different from a competitor's. Factors including market sector quality of work, the size of the firm, the image, graphical reach, involvement in client organizations, product, delivery system, and the marketing approach have been suggested to differentiate a firm.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the research findings, conclusion and recommendation as observed by the researcher. It also points out the limitations of the study and provides suggestions for further research. The conclusion and recommendations that were drawn were aimed at achieving the research objective which were to determine strategies adopted by professional examination bodies in Kenya to gain competitive advantage.

5.2 Summary

The study shows that majority of the respondents have worked in the organization for a longer period of time and therefore they understand the strategies which have been put in place by the professional examination body in order to achieve competitive advantage. Competitive advantage is the extent to which an organization is able to create a defensible position over its competitors and it comprises capabilities that allow an organization to differentiate itself from its competitors and is an outcome of critical management decisions. The study established that the professional examination bodies have been in operation for a longer duration of time and thus they understand the need to develop effective strategies in order to be competitive.

The study found out that the professional examination bodies achieve competitive advantage through superior quality of examination, examination diversity, speed of releasing examination results, differentiation strategy, cost leadership strategy, pricing strategy, unique resources, institutions’ protection policy (in terms of patents, copyrights, trademarks), unique corporate culture and examination flexibility. Firms combine their resources (core competencies and
capabilities) to develop a strategic path highlighting the interaction between the industry and the firm, having the foresight to identify which resources or capabilities, as processes, would lead to superior resources and capabilities.

The study established that the professional examination body’s uses resource based strategy in order to achieve competitive advantage and this was achieved through resources that enables it to achieve competitive advantage, greater efficiency and therefore lower costs, increased quality and the possibility of greater market share and/or profitability and the resources that the firm has which are difficult for rivals to buy or copy. The pricing strategy factors that enabled professional examination bodies to achieve competitive advantage was found to be considering the cost and benefit element when selecting examinations to offer, using management accounting function to assess other professional examination bodies cost structure and relating this to their prices and being price conscious of all its examination. The professional examination bodies have a low cost strategy mindset which they all work towards achieving the objective of minimizing the costs. The company has achieved low cost strategy by focusing on a select customer group or product, industry segment being large enough to have good growth potential as it is not of key importance to other institutions, and using focus based strategies in conjunction with differentiation or cost leadership generic strategies and market segmentation.

The study found out that the professional examination bodies have utilized differentiation strategy through technical quality of examinations, institutions examination being reliable, staff training, good brand image, customer service, building of customer and brand loyalty through quality offerings, advertising and marketing techniques, uniqueness of examinations, use of latest technology and innovativeness and new products and services. Sustainable competitive
advantage does not arise from a few transient competencies, but from the dynamic capability to continuously transform new competencies that match changing environmental contingencies.

5.3 Conclusion

The essence of competitive advantage is the ability to contribute more value added to customers than competitors in a competitive environment. It endeavors to drive the largest gap between the buyer’s willingness-to-pay and the supplier’s opportunity cost. Competitive advantage is the result of a firm’s planned strategy. The strategic direction is realized through the ability to achieve competitive advantage than the competitors. As seen, many factors are equally important in producing a position of success. Some of these are industrial factors; others are resources and competencies of the firm. The sum of all these factors results in creating and sustaining a successful competitive advantage. The findings indicate that the professional examination bodies use various strategies, resources and capabilities in order to achieve competitive advantage.

The professional examination bodies’ uses resource based strategy to gain competitively through exploitation of both the existing internal and external firm-specific capabilities and of developing new ones.Establishing competitive advantage involves formulating and implementing a strategy that exploits a firm’s portfolio of resources and capabilities. Pricing strategy has led the professional examination bodies to achieve competitive advantage by considering the cost and benefit element when selecting examinations to offer, using management accounting function to assess other professional examination bodies cost structure and relating this to their prices and being price conscious of all its examination. Focusing strategy was used though with other strategies.
The professional examination bodies differentiate themselves through technical quality of examinations, institutions examination are reliable, staff training, good brand image, customer service, building of customer and brand loyalty through quality offerings, advertising and marketing techniques, uniqueness of examinations, use of latest technology and innovativeness and new products and services. The adoption of low cost strategy has seen the professional examination bodies come up with ways of reducing costs by use of various techniques. The adoption of low cost strategy by the professional examination bodies has withstood competition which has given them the morale to seek for more ways of ensuring that they reduce some costs further.

5.4 Limitations of the Study
The study was conducted through a pre-determined questionnaire. This hindered respondents from expressing their views freely and widely. Most of the professional examination bodies have their head offices outside Kenya, hence most of the decisions and strategies are made in the head offices, and Kenyan offices usually just implement the strategies.

5.5 Recommendation
The study has established that the professional examination bodies train their staff and use latest technology. It is recommended that the professional examination bodies should continue training their employees on how to maintain the low cost strategy and at the same time they should not incur the costs which they can do away with by outsourcing so that they can concentrate on their core objective. The professional examination bodies should at the same time continue revising their syllabus in order to compete effectively with other bodies.
5.6 Implication on Policy, Theory and Practice

The study has established that the professional examination bodies uses several strategies in order to ensure that they achieve competitive advantage and it is recommended that the bodies should use only those strategies which would ensure that they maximize the competitive advantage in order to reduce costs to manageable level.

The professional examination bodies has created unique position in the market through the examinations that they set, it is therefore recommended that they continue investing in coming up with unique questions so that they can differentiate themselves. The professional examination bodies should ensure that before pricing its products, they should study what the market charges so that they set at a price which is acceptable to the current and potential students. Although the professional examination bodies uses technology to attract students, they should embrace the concept whole heartedly as the next battle for the bodies will be the technology.

5.7 Suggestions for Further Research

The study confined itself to professional examination bodies operating in Kenya and the findings may not be applicable in other sectors as a result of uniqueness of the education sector. It is therefore recommended that the study is replicated in other sectors to establish the strategies adopted by to gain competitive advantage.
REFERENCES


Kimani, A.M (2006); *Competitive Strategies Adopted by the Banking Industry in Kenya*: An unpublished MBA Research project, University of Nairobi

Martin, W.K (2009); *Competitive Strategies Adopted by Kenya National Examination Council*: An unpublished MBA Research project, University of Nairobi


Walter, O.A (2010); *Application of Porter’s strategies by Insurance companies in Kenya: An unpublished MBA Research project, University of Nairobi*

APPENDIX I: QUESTIONNAIRE

Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions where applicable.

PART A: Demographic Profile

1. Name of the examination body………………………………………………………………………..

2. Gender: Male ( ) Female ( )

3. What is your age bracket? (Tick as applicable)
   a) Under 30 years ( ) b) 31 – 40 years ( )
   c) 41 – 50 years ( ) d) Over 50 years ( )

4. What is your highest level of education qualification?
   a) Post graduate level ( ) b) University ( )
   c) Tertiary College ( ) d) Secondary ( )

6. Length of continuous service with the examination body?
   a) Less than five years ( )
   b) 5-10 years ( )
   c) Over 10 years ( )

7. For how long has your institution been in operation in Kenya?
   a) Less than 10 years ( ) b) 11 – 20 years ( )
   c) 21 – 30 years ( ) d) 31 - 40 years ( )
   e) Over 41 years ( )
**Part B: Competitive Advantage**

8. To what extent does your institution adopt the following statements in order to achieve competitive advantage? 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
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<tbody>
<tr>
<td>Our institution has a competitive advantage over its rivals due to its examination flexibility</td>
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<tr>
<td>Our institution has a competitive advantage over its rivals due to its unique corporate culture</td>
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<tr>
<td>Our institution has achieved a competitive advantage through its cost leadership strategy</td>
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<tr>
<td>Our institution has achieved a competitive advantage through its differentiation strategy</td>
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<tr>
<td>Our institution has achieved competitive advantage through pricing strategy</td>
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<tr>
<td>Speed of releasing examination results has led to achieving competitive advantage</td>
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<tr>
<td>Unique resources are a source of sustained competitive advantage in our organization</td>
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<tr>
<td>The superior quality of examination is a source of competitive advantage to the institution</td>
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<tr>
<td>Our organization’s examination diversity is a source of competitive advantage</td>
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<tr>
<td>Our institutions’ protection policy (in terms of patents, copyrights, trademarks) is a source of competitive advantage</td>
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9. To what extent do you agree on the following regarding ways of achieving competitive advantage by your examination body? Use 1- Strongly Disagree, 2- Disagree, 3- Moderate, 4- Agree and 5-strongly agree.

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<tr>
<th>Statement</th>
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<tbody>
<tr>
<td>The strengths of an organization are grounded in its resources, capabilities and competencies that help a company attain a competitive advantage based on-superior efficiency, innovation, and quality and customer responsiveness</td>
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</table>
Technology development, human resource management, procurement, and firm infrastructure enhances the performance of the primary activities.

Competitive advantage is gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.

Competitive advantage is built upon a well-planned and executed strategy that is sustainable.

Competitive advantage is more likely to be based on support considerations, such as service quality, distribution channels or image and reputation factors, pertaining to the organization as a whole rather than any individual service offering.

Strategy and operational effectiveness are essential for an institution in order to gain competitive advantage.

### Part C: Strategies Adopted

10. How has each of the following strategies enabled your organization to achieve competitive advantage? Use a scale of 1 – 5 with; 1- Very important, 2 – Fairly important, 3 – Not sure, 4 – Not important and 5 – Not important at all.

#### a) Resource Based Strategy

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<tbody>
<tr>
<td>The institution has sufficient resources that enables it to achieve competitive advantage</td>
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<tr>
<td>The institution resources enables it to achieve greater efficiency and therefore lower costs, increased quality and the possibility of greater market share and/or profitability</td>
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<tr>
<td>The resources that the firm has are firm specific and difficult for rivals to buy or copy</td>
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b) Pricing Strategy

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<tr>
<td>The institution considers the cost and benefit element when selecting examinations to offer</td>
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<tr>
<td>The institution uses management accounting function to assess other examination bodies cost structure and relate this to their prices</td>
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<tr>
<td>The institution is price conscious of all its examinations</td>
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c) Focus

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<tr>
<td>The institution focuses on a select customer group.</td>
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<tr>
<td>The industry segment is large enough to have good growth potential as it is not of key importance to other institutions</td>
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<tr>
<td>The institution uses focus-based strategies in conjunction with differentiation or cost leadership generic strategies</td>
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<tr>
<td>Market segmentation</td>
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d) Cost Leadership

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<tr>
<td>The institution has latest technology that helps to lower costs</td>
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<td>The institution charges lower prices for registration and examinations</td>
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<td>Business process rationalization</td>
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<td>Staff reduction</td>
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<td>Automation of operations</td>
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### Differentiation

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<tr>
<td>Customer service</td>
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<tr>
<td>The institution uses latest technology and innovativeness</td>
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<td>New products/services</td>
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<td>The institution has a good brand image</td>
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<td>Staff training</td>
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<td>The institution provides unique examinations</td>
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<td>Technical quality of examinations</td>
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<td>The institutions examination are reliable</td>
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<tr>
<td>The institution has built customer and brand loyalty through quality offerings, advertising and marketing techniques</td>
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APPENDIX II:
REGISTERED PROFESSIONAL EXAMINATION BODIES IN KENYA

1) Kenya Accountancy and Secretarial National Examination Board (KASNEB)

2) Kenya National Examination Council (KNEC)

3) Institute of Commercial management (ICM)

4) Association of Business Executives (ABE)

5) Association of Certified Charted Accountants (ACCA)

6) Certified Information Systems Auditor (CISA)

7) City and Guilds

8) Institute of Human Resource management (IHRM)

9) Chartered Institute of Management Accountants (CIMA)

10) Institute of Internal Auditors (IIA)

Source: Ministry of Education, year 2013