

**STRATEGIES ADOPTED BY ATHI WATER SERVICES BOARD TOWARDS
THE ACHIEVEMENT OF MILLENNIUM DEVELOPMENT GOALS ON
WATER AND SANITATION**

BY

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DECLARATION

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

Signed

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

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DEDICATION

I wish to dedicate this work to my parents, El Kibai and Kabon for teaching me the value of education and hard work. I appreciate their support and their encouragement every step of the way.

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First, I thank God for bringing me this far in my studies. I express my sincere gratitude to my supervisor Mr. Jeremiah Kagwe who put in a lot of time and effort in guiding me through this research project. I thank my family and friends who advised me on various issues and took their time to proof read the report.

ABSTRACT

An organization without adequate and proper strategies is like a person without sight or a ship sailing without radar. A strategy is the direction and scope of an organization over a long term period which gives advantage for the organization through its usage of resources within a challenging environment to meet its set targets.

The business strategy perspective argues that achieving competitive advantages can be obtained by pursuing coherent competitive strategies. The strategies should be aligned towards making service provision more effective and efficient.

The research for this study was a case study of the strategies adopted by Athi Water Services Board towards the achievement of MDGs on Water and Sanitation. The data collection instrument used was an interview guide and content analysis was use to analyze the qualitative primary data obtained by conducting interviews and secondary data from the board records.

The findings from the study were that the board uses low cost strategy, differentiation focus strategy and resource base strategy in order to achieve its objectives. These strategies enable the board to minimize costs where possible and offer quality service to its customers and adoption of modern technological innovations in service provision.

The research was a case study of the strategies adopted by Athi water Services Board towards the achievement of millennium development goals on water and sanitation and therefore the research may need to be replicated in other water sector institutions to establish whether there is any consistency in the application of the strategies adopted by this institution in its endeavors to achieve their objective.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The concept of strategy has been expressed in different ways by strategic management scholars due to its multidimensionality. According to Ansoff (1965), a firm's performance potential is optimized when the following three conditions are met, aggressiveness of the firm's strategic behavior matches the turbulence of the environment, responsiveness of the firm's capability matches the aggressiveness of its strategy, and the components of the firm's capability must be supportive of one another. Porter (1998) is of the view that strategy is the creation of a unique valuable position involving a different set of activities.

Johnson and Scholes (2002) express strategy as the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and fulfill stakeholders' expectations. Ansoff (1965) contends that strategy is the common thread among organization's activities and its product markets. Organizations therefore have to adopt the right strategies to guide them on how to mobilize and allocate their resources in a way that assist them to achieve their goals and objectives while taking into account their relative internal competencies, shortcomings and anticipated changes in the environment.

1.1.1 The Concept of Strategy

Organizations pursue competitive strategies when they seek to improve or maintain their performance through independent actions in a specific market or industry. Porter (1980) maintains that there are three basic strategies a firm can adopt in order to outperform competitors. These strategies are cost leadership, product differentiation and specialization by focus. Firms pursuing cost leadership strategies attempt to gain advantages by lowering their costs below those of competing firms. Firms pursuing product differentiation strategies attempt to gain advantages by increasing the perceived

value of the products or services they provide to customers. Firms also use strategic alliances, joint ventures, mergers and acquisitions to cope with competition and achieve their goals which are consistent with the argument by Mintzberg, (1998a) that as organizations grow large, they diversify and then divisionalize. As the firms grow large; they come to dominate their traditional market and so must often find growth opportunities elsewhere through diversification.

Miles and Snow (1978) outline four strategic orientations (Defender, Prospector, Analyser, Reactor) that firms in general develop in order to accomplish a good alignment with perceived environmental conditions.

Firms have adopted a number of other strategies which include better quality of product/services, excellent customer service, innovation, differentiation, diversification, cost cutting measures, and lower prices to wither competitive challenges and achieve their organizational goals.

Kenya is a signatory to the Millennium Declaration which under goal number seven seeks to halve the population without access to safe water and sanitation by the year 2015. Athi water services board is one of the eight water services boards mandated to provide water and sanitation services countrywide. The board therefore has to adopt the right strategies that lead to the achievement of the MDGs targets on water and sanitation. The strategies adopted help in marshalling and allocating resources in a way that the board achieves its goals and objectives while taking into account its relative internal competencies, shortcomings and anticipated changes in the environment. Further the board has signed a performance contract with the government which demands the adoption of the right strategies to meet the targets relating to access to clean water and sanitation. The increased awareness of the citizens on their rights to adequate clean water is also pilling pressure on the board to deliver quality service in addition to the requirement of being accountable and transparent in meeting their legal obligation of improving access to water and sanitation

1.1.2 Millennium Development Goals

The MDGs originated from the Millennium Declaration produced by the United Nations. The Declaration asserts that every individual has the right to dignity, freedom, equality, a basic standard of living that includes freedom from hunger and violence, and encourages tolerance and solidarity. The MDGs were made to operationalize these ideas by setting targets and indicators for poverty reduction in order to achieve the rights set forth in the declaration on a set fifteen-year timeline.

The Millennium Summit Declaration was, however, only part of the origins of the MDGs. It came about from not just the UN but also the Organization for Economic Cooperation and Development (OECD), the World Bank and the International Monetary Fund. The setting came about through a series of UN-led conferences in the 1990s focusing on issues such as children, nutrition, human rights, women and others.

The Millennium Development Goals (MDGs) are eight specific goals that seek to ensure a basic human development for all by 2015. The Millennium Development Goals address poverty in its many dimensions –(income poverty, hunger, disease, lack of adequate shelter, and exclusion) while promoting gender equality, education, environmental sustainability and global cooperation in development. They are also basic human rights - the rights of each person on the planet to food, health, education, shelter, and security.

The Millennium Development Goals (MDGs) are the world's biggest promise – a global agreement to reduce poverty and human deprivation at historically unprecedented rates through collaborative action. They differ from all other global promises for poverty reduction in their comprehensive nature and the systematic efforts taken to finance, implement and monitor them. 'While the MDGs have a warm aura around them and they envelop you in a cloud of soft words and good intentions and moral comfort' (Saith, 2006) there are fierce debates in academic and professional circles about their value. These range from the high modernists, who take them at face value and are optimistic that they are a blueprint for the transformation of the human condition (Sachs, 2005).

The strategic realists, who don't believe the MDGs are a blueprint for action but believe they are essential to stretch ambitions and mobilize political commitment and public support (Fukuda-Parr, 2008); the critics, who see them as well-intentioned but poorly thought through – distracting attention from more appropriate targets (or non targets) and more effective policies and actions (Clemens et al, 2007) through to the radical critics, who view them as a conspiracy obscuring the really important 'millennial' questions of growing global inequality, alternatives to capitalism and women's empowerment (Antrobus, 2003). While these viewpoints reach dramatically different conclusions about the MDGs, they all share a similar approach. All take the MDGs as a given and then, through vastly different analytical frameworks, make projections about their potential outcomes and consequences.

The United Nations Millennium Declaration confirmed the central role of water and sanitation in sustainable development and the major contribution expanded access to safe drinking water and adequate sanitation can make to poverty alleviation. Under goal number seven the target on water and sanitation is to halve by 2015 the proportion of the population without sustainable access to safe drinking water and basic sanitation. Poverty reduction strategies dominate the current development agenda. From this perspective, the health and socio-economic benefits of improved access to safe water and adequate sanitation are the most compelling arguments to support resource allocations towards this goal. The benefits and the costs of increasing access to improved water and sanitation vary considerably depending on the type of technology selected.

1.1.3 Athi Water Services Board

The mandate of water services provision was carried out by the National Water Conservation and pipeline corporation (NWCPC) and ministry of water and irrigation (MWI) until the enactment of the Water Act (2002) which established Athi Water Services Board (AWSB) among other seven boards. AWSB was subsequently issued with a license by the Water Services Regulatory Board (WASREB) with the following main functions; ownership and holding of water and sewerage assets, planning, development and expansion of water and sewerage infrastructure, contracting out water

and sewerage services provision to water service providers (WSPs), monitoring and supervision of water and sewerage services provision by water services providers.

To carry out those functions, AWSB develops and adopts various strategies that are incorporated in the signed service provision agreements with twelve water companies which set out the minimum service levels to be achieved in order to improve service delivery. However despite the companies being in existence for seven years they have not been able to alleviate drinking water problem and sanitation services in the board's area of jurisdiction i.e. Nairobi, Thika and the larger Kiambu district (Wasreb Impact Report 2009). The companies have been using the pipeline network system inherited from the Ministry of Water and Irrigation some of which was constructed over 40 years ago. Since most of these pipelines have depreciated almost to zero value, they cannot withstand water pressures and hence frequent occurrence of pipe bursts leading to water wastage. MWI status report (2008) Background and status of reforms in water and sanitation sector in Kenya

Inefficiency in billing has contributed to low levels of revenue collection by the Companies over the years. This is due to lack of customer databank and inability to account for water delivered to customers due to failure to invest in water meters.

The Companies bills only 50% of water produced and big portion of revenue collected goes into operation and maintenance activities leaving no fund for growth and expansion. In some instances the operation costs are too high forcing the companies to operate with short-term loans which are expensive to service (Wasreb Impact Report, 2009).

The Companies lack of aggressiveness in revenue collection has accelerated the failure to meet the expected service levels as the much needed revenue to facilitate improvement of services is not available. A big portion of their assets are composed of debtors most of which is uncollectable and may become bad given the debt servicing history of its debtors. Large consumers of water mainly composing of Government institutions do not honor their bills and this denies the companies the much needed revenue.

1.2 Research Problem

Organizations must adopt appropriate strategies to achieve their goals. The increasing demand for better services delivery by the stakeholders and the need to compete effectively in the market and to withstand any environmental turbulence or imbalance require that they adopt the best strategies to effectively and efficiently achieve their goals. Athi Water Services Board is one of the institutions in Kenya which is mandated to provide water and sanitation services and thus it has to adopt the right strategies to marshal and allocate its resources in a way that it achieves its goals and objectives while taking into account its relative internal competences, shortcomings and anticipated changes in the environment. The commitments of the Board in its performance contract with the government also demands adoption of the right strategies to meet those targets relating to access to clean water. The increased awareness of the citizens on their rights to adequate clean water is also piling pressure on the board to deliver quality service in addition to the requirement of being accountable and transparent in meeting their legal obligation of improving access to water and sanitation.

The diversity of views about the strategies that many organizations adopt which are held by different authors is not new, and reflects the presence of an ongoing debate about their form, content and effectiveness. Miles and Snow (1978) outline four strategic orientations the organizations may adopt (Defender, Prospector, Analyzer, Reactor). Porter (1985) is well known as a strategic management theorist for his many contributions, of which one is his generic strategies (Cost Leadership, Differentiation, Focus) that firms may adopt.

Locally, various studies have been done on strategy implementation e.g. Aosa (1992) which found out that formal strategic planning is practiced in Kenya by large manufacturing Companies and that foreign companies are more involved in strategic planning than the local ones. Nyokabi (2008) did a study on Strategy implementation in Kenya Commercial Board.

The role of Athi water services board is very crucial in the attainment of the MDGs on water and sanitation. Adoption of strategies to improve performance is the norm in most government agencies. Studies have been done on public sector on application of strategies in their execution of their mandates but none has focused on the strategies adopted by Athi water services board in their endeavor to achieve the MDGs goals on water and sanitation. This study seeks to identify which strategies are used by Athi Water Services Board towards achievement of MDGs on water and sanitation?

1.3 Research Objectives

The objective of this study is to identify the strategies adopted by Athi Water Services Board to achieve the MDGs on water and sanitation.

1.4 Value of the study

The Millennium Development Goals signify a commitment by the government to ensure a basic human development by 2015. The Water Services Boards being responsible for the efficient and economical provision of water services in their areas of jurisdiction play a very critical role in this commitment. The boards therefore need to adopt the right strategies to meet their obligations.

This study will therefore provide useful insight to decision makers within Athi Water Services Board on the best strategies to be adopted to achieve the MDG targets on water and sanitation. To the new entrants in water and sanitation services provision, the study will act as a guideline on the best strategies to be adopted in effective delivery of service.

This study will also provide useful insight to the policy makers so that they may make appropriate policy directive that will help the sector adopt best strategies needed to meet the target on the achievement of MDGs on water and sanitation

To academicians, this study will be a useful material to bridge the knowledge gap as well as to provide useful reference material on the best strategies adopted by water utilities for achievement of MDGs targets on water and sanitation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This review seeks to examine the existing literature on strategies that are adopted by firms to improve their performance and achieve their goals. It also considers theoretical bases that influence strategy formulation which if considered would lead to better performance and achievement of strategic goals.

2.2 Theoretical foundation of Strategy

There are three types of strategy models that organizations may adopt to achieve competitive advantage and deliver on their strategic goals. These strategy models are Competitive Strategy model, Resource-Based model and Strategic Conflict model.

2.2.1 The competitive forces model

This stems from the positioning school and since its inception in the 1980s, it has become the dominant approach to strategy. The central tenet of this approach is the need to align the organization with its environment, the key aspect of which is the industry or industries in which it competes. Proponents of this view believe that industry structure strongly influences the competitive rules of the game as well as the range of strategies open to the organization. This model is most closely associated with the work of Michael porter (1980) and his 'five forces' framework.

Porter (1980) argues that it is these five industry level competitive forces, the bargaining power of buyers and sellers, the threat of potential substitute products and new entrants, and rivalry among existing competitors that determine the inherent profit potential of the industry. Consequently, he argues these are the main factors which an organization needs to take into account when developing its strategy. For Porter (1985), strategy is concerned with 'positioning a business to maximize the value of the capabilities that distinguish it from its competitors'. Porter (1980) maintains that there are only three basic generic strategies a firm can adopt in order to outperform competitors: cost leadership, product differentiation and specialization by focus. Porter's work in particular has had a huge influence on the practice of strategy within organizations.

2.2.2 The Resource-Based model

The focus of the Resource-based model of competitive advantage is on the relationship between an organization's resources and its performance (Furrer et al, 2008). The resource-based view sees above average profitability as coming from the effective deployment of superior or unique resources that allow firms to have lower costs or better products, rather than form tactical maneuvering or product market positioning such as patents and brands or capabilities such as the skills, knowledge and aptitudes of individuals and groups (Amit and Schoemaker, 1993). Resources such as these are not free-standing assets that a firm can obtain or dispose of easily or quickly, but are deeply embedded in an organization's processes and as such are very difficult for others to replicate (Ordanini and Rubera, 2008).

The Resource-Bases view grew from the work of economists who, in seeking to identify the factors which gave rise to imperfect competition and super-normal profits, drew attention to differences between firms' in terms of technical know-how, patents, trademarks, brand awareness and managerial ability (Chamberlin, 1993). Consequently, proponents of the Resource-Based view see firms as being heterogeneous in respect of their resources, i.e. no two firms possess exactly the same combination of these.

2.2.3 The Strategic Conflict Model

This model harks back to the military metaphor, and portrays competition as war between rival firms. In particular, there is a tendency to draw on the work of military strategists such as Von Clausewitz and Sun Tzu (Michaelson, 2001) and attempt to apply their military aphorisms to modern business organizations (Mintzberg et al, 1998a). Sayings such as 'No battle plan ever survived the first encounter with the enemy' are used to illustrate not just the dynamic nature of strategy but also the need to respond to competitors who do not always behave as anticipated. In its current manifestation, it came to prominence with the publication of Shapiro (1989) article 'The theory of business strategy is central to this approach in the view that a firm can achieve increased profits by influencing the actions and behavior of its rivals and thus, in effect, manipulate the market environment. This can be done in a number of ways, such as by investment in capacity (Dixit, 1980) and Research and Development (Gilbert and Newbery, 1982).

However, such moves will have little impact if they can be easily undone; therefore, to be effective, they require irreversible commitment

2.3 Strategy Typologies

This section seeks to examine the existing literature on generic strategies that are adopted by firms to improve their performance and achieve their goals. These generic strategies premises that each business strategy type is “internally consistent” (Porter, 1980) and develops classifications of business strategies.

Among the influential strategy typologies are Porter’s (1980) typology, and the Miles and Snow typology (Miles and Snow, 1978). Porter’s (1980) typology claims that a company can follow only three generic strategies, i.e. a cost leadership strategy, a differentiation strategy and a focus strategy. Built on the dimensions of a business’ scope and the segment differentiation, Abell (1980)’s classification also suggests three possible generic strategies, namely differentiated, undifferentiated and focus strategy.

2.3.1 Miles and Snow Strategies

Miles and Snow’s (1978) typology classifies firms into four distinct groups, i.e. defenders, prospectors, analyzers and reactors, based on how a firm responds to three major problems facing it, i.e. entrepreneurial, engineering, and administrative problems. According to them, the entrepreneurial problem defines an organization’s product-market domain; the engineering problem focuses on the choice of technologies and process for production and distribution; and the administrative problem involves the formulization, rationalization and innovation of an organization’s structure and policy processes.

Firms labeled as defenders, prospectors, and analyzers have distinctive patterns of their resources and capabilities as suggested by Hrebiniak (1980). For example, Defenders are likely to be competent at production, applied engineering and financial management while prospectors’ competent functions are market research, R&D and basic engineering. Meantime, they claim that the ‘reactor’ type of organizations do not have a consistent pattern of distinct competence. (Camelo-Ordaz et al, 2003).

Empirical study also establishes the relationships across the Miles and Snow strategy types and a variety of resources/capabilities. They found that a firm with a 'prospector' strategy tends to value the resources that enable innovation; a firm with an 'analyzer' strategy tends to possess the resources that strengthen both efficiency and markets/products development; and a 'defender' organization tends to base its strategy on the resources towards specialization and efficiency.

It should be noted that according to the resource-based view, a firm's resources and capabilities must meet four conditions- valuable, rare, inimitable and non-substitutable to be the sources of the firm's "sustained competitive advantage", which in turn leads to its competitive business strategies (Barney, 1995)

2.3.2 Competitive Strategies

Competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of the strategic business areas. Competitive strategy gives a company an advantage over its rivals in attracting customers and defending against competitive forces (Ansoff, 1987). There are many roots to competitive advantage, but the most basic is to provide buyers with what they perceive to be of superior value a good or service at a low price, a superior service that is worth paying more for, or a best value offering that represents an attractive combination of prices, features, quality, service, and other attributes that buyers find attractive (Thompson and Strickland, 2003).

Competitive strategy is thus the search for a favorable competitive position, in an industry, the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 1996). Firms pursue competitive strategies when they seek to improve or maintain their performance through independent actions in a specific market or industry .There are two major types of competitive business strategies: cost leadership and product differentiation (porter,1980).Firms pursuing cost leadership strategies attempt to gain advantages by lowering their costs below those of competing firms. Firms pursuing product differentiation strategies attempt to gain advantages by increasing the perceived value of the products or services they provide to customers. Competitive

business strategies are important strategic alternatives for many firms, but they are not the only business strategic alternatives (Barney, 1995).

Competitive strategy needs to focus on unique activities (Porter, 1996). Competitive strategies should lead to competitive dominance, which in the words of Tang and Bauer (1995) is about sustained leadership and levels of undisputed excellence. They contend that competitive dominance is an attitude that begins with the realization that leadership is no guarantee for long term success, especially in the global market place. Firms also develop competitive strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1996).

The competitive aim is to do a significantly better job of providing what buyers are looking for, thereby enabling the company to earn a competitive advantage and out compete rivals in the market place. Competitive strategies provide a frame work for the firm to respond to the various changes within the firms operating environment. Firms also develop competitive strategies that enable them develop strategic initiatives and maintain competitive edge in the market.

Ansoff and Mc Donnell (1990) define competitive strategy as the distinctive approach which a firm uses or intends to use succeed in the market. In examining the concept of competitive strategies, different authors have done it differently, however major studies in this area have been done by Michael Porter. He defines competitive strategy as the art of relating a company to the economic environment within which it exists. Porter (1996) states that the goals of a competitive strategy for a business unit in an industry is to find a position the industry where the company can best defend itself against the five forces which are rivalry, threat of substitutes, buyer power, supplier power and the threat of new entry.

These five forces constitute the industry structure and it is from this industry analysis that a firm determines its competitive strategy. Porter unveiled four generic competitive strategies that can be viable in the long term business environment. They are cost leadership strategy, differentiation strategy, cost focus strategy and differentiation focus

strategy. Pierce and Robinson (1997), states that knowledge of this underlying source of competitive pressure provides the groundwork for strategic agenda of action. The highlight of the critical strengths and weaknesses of the company animate the positioning of the company in its industry, clarify the areas of strategic changes and may yield benefits. The differentiation and cost leadership strategies seek competitive advantage in broad ran market or industry segments while in contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry .

2.3.2.1 Cost Leadership Strategy

A firm producing at the lowest cost in the industry enjoys the best profits. Producing at lower cost is a strategy that can be used by various firms so as to have a significant cost advantage over the competition in the market. This in effect leads to growth in the market share. This strategy is mostly associated with large businesses offering standard products that are clearly different from competitors who may target a broader group of customers. The low cost leader in any market gains competitive advantage from being able to many to produce at the lowest cost. Factories are built and maintained; labor is recruited and trained to deliver the lowest possible costs of production. Cost advantage is the focus. Costs are shaved off every element of the value chain. Products tend to be 'no frills.'

However, low cost does not always lead to low price. Producers could price at competitive parity, exploiting the benefits of a bigger margin than competitors. Some organizations, such as Toyota, are very good not only at producing high quality autos at a low price, but have the brand and marketing skills to use a premium pricing policy. A low cost leader's basis for competitive advantage is lower overall costs than competitors. The need to manage cost is nothing new, yet surprising number of organizations struggles to successfully control their operating expenses overtime (Grove, 1998). Successful low cost leaders are exceptionally good at finding ways to drive costs out of their business.

2.3.2.2 Differentiation Strategy

Differentiated goods and services satisfy the needs of customers through a sustainable Competitive advantage. This allows companies to desensitize prices and focus on value that generates a comparatively higher price and a better margin. The benefits of

differentiation require producers to segment markets in order to target goods and services at specific segments, generating a higher than average price. For example, British Airways differentiates its service. The differentiating organization will incur additional costs in creating their competitive advantage (Porter, 1996). These costs must be offset by the increase in revenue generated by sales. Costs must be recovered.

There is also the chance that any differentiation could be copied by competitors. Therefore there is always an incentive to innovate and continuously improve. Targeting smaller market segments to provide special customer needs is a strategy widely used in the corporate scene. It involves identification of the needs of the customers in the market and designing products that can fit their needs. Companies can pursue differentiation from many angles and also firms may find it profitable to enter an industry and produce a similar but distinctive product.

2.3.2.3 Cost Focus Strategy

Lower cost advantages to a section of the market segments with basic services offered by a higher priced market leader is a strategy acceptable in the corporate world. It results to similar products to much higher priced products that can also be acceptable to sufficient customers in the market. A focused strategy based on low cost aims at securing a competitive advantage by serving buyers in the target market niche at a lower price than rival competitors. This strategy has considerable attraction when a firm can lower costs significantly by limiting its customer base to a well defined buyer segment. Focused low cost strategies are fairly common (Porter, 1996).

2.3.2.4 Differentiation Focus Strategy

A business aims to differentiate within one or a number of target market segments. The special customer needs of the segment means that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. This demands that the customer's different needs and wants be recognized. Porter (1980) reiterates that only if a company makes a strong and unwavering commitment to one of the generic competitive strategies does it stand much

chance of achieving sustainable competitive advantage that such strategies can deliver if properly executed.

Many scholars have questioned this; in particular, Miller (1989) questions the notion of being “caught in the middle”. He claims that there is a viable middle ground between strategies. Many companies for example, have entered a market as a niche player and gradually expanded. Hill (1988) claimed that Porter’s model was flawed because differentiation can be a means for firms to achieve low cost. He proposed that a combination of differentiation and low cost might be necessary for firms to achieve a sustainable competitive advantage

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces the research methodology of the study. The areas covered are research design, data collection and data analysis. The study justifies the use of case study as research design and further outlines the data collection sources that include primary and secondary data.

3.2 Research Design

This research was carried out as a case study. Yin (1984) asserts that case studies contribute uniquely to our knowledge concerning the individual, an organization, social and political phenomena. A case study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community. (Kothari (1990). embraces depth rather than breadth of a study. According to Cooper and Schindler, (2003), case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. This method ensures that data is obtained from resourceful people.

A case study was ideal for this study because it focuses on the organization as the sole unit of analysis. The importance of a case study is emphasized by Yin (1989a) who acknowledges that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. Similar studies that have employed a case study include Machuki (2005).

3.3 Data Collection

The data that was collected were qualitative and from both primary and secondary sources. Data from primary sources was collected using an interview guide. All the heads of the departments which are Corporate Planning, Finance and Administration, Infrastructure Development and the CEO of Athi Water Services Board were interviewed. This is because they are the ones in charge of strategy formulation.

The study also collected secondary data from the Athi Water Services Board publications that include the strategic plans, minutes of meetings, Memos, Memorandums of understanding with various stakeholders and other publications relating to strategies for sustainable achievements of the MDGs on water and Sanitation.

3.4 Data Analysis

The data collected were from publications and interviews; and were qualitative in nature and was analyzed using content analysis. Holsti, (1969) defined content analysis as any technique for making inferences by objectively and systematically identifying specified characteristics of messages. It is a research technique for the objective, systematic, and quantitative description of manifest content of communications (Berelson, 1971).

Content analysis was preferred for this study because it allowed shifting through large volumes of data in a systematic fashion with relative ease. The data collected will be compared with theoretical approaches and empirical information cited in literature review to draw conclusions.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, results and discussions of the findings obtained in the study whose objective was to identify the strategies adopted by Athi Water Services Board to achieve the MDGs on water and sanitation. The respondents interviewed comprised of the CEO, Finance manager, Head of Planning and Technical manager. The results of the study are divided into three sections each representing the specific objective of the study.

4.2 Data Analysis

The respondents interviewed comprised of the CEO, Finance Manager, Head of Planning and Technical Manager. All the respondents interviewed had university degrees with two having Masters in Business Administration and all the respondents had worked with the organization for a period of over five years and with this background information it was felt that the Managers were knowledgeable enough on the research subject because they have in the past participated in the formulation of the organization strategic plan and thus helped in the realization of the research objective.

The managers interviewed indicated that the organization has been in existence for the last nine years and has prepared a strategic road map for attainment of its objectives.

4.3 Findings of the Study

The findings of the study are discussed here below;

4.3.1 Strategic Themes and Objective

The respondents indicated that the Board has five objectives in its strategic plan (2007-2012) which are in line with the vision and mission of Athi Water Services Board as aligned to Kenya Vision 2030 and MDGs. These objectives were to increase access to safe water and sewerage services, achieve financial sustainability, attain operational

efficiency and institutional strengthening of the board, attainment of customer and key stakeholders satisfaction and finally to mainstream cross-cutting issues.

The respondents indicated that there are stipulated timelines for achieving the set objectives in the strategic plan. The objective of increasing access to safe water and sewerage services to Nairobi metro from 66% to 73% by 2012 and to achieve financial sustainability by increasing revenue collections by 45% over the five years to 2012.

The respondents also indicated that there are various ongoing projects which include construction of Gatharaini sewerage network; Nairobi River restoration basin rehabilitation; Nairobi informal Settlement water and Sanitation improvement project and rehabilitation of Sasumwa dam

4.3.2 Low Cost Strategies

The respondents indicate that the Board adopts low cost strategy although it offers a largely monopolistic service. They have adopted this strategy so that all its customers including those in the low income segment of the society can access the service. The Board practice low cost strategy through maintaining lower connection charges for new customers to access the water and sewerage services. The respondents also indicated that the employees of the Board have a low cost strategy mindset which is achieved by providing services at the lowest costs without compromising on the quality of the services.

The managers are managing the firm resources efficiently and effectively by sensitizing the other staff on minimizing wastages by ensuring that goods and services are sourced at the lowest possible costs and adopting new cost cutting measures to reduce the organization overheads. The respondent also indicated that they prefer development of gravity water supply systems which are cheaper to operate than the pumping systems which results in high power costs. The respondents also indicated that they prefer biological treatment of sewerage, which is cheaper compared to the usage of chemicals for the treatment of the same.

The respondents also indicated that the Board has adopted competitive sourcing of its products so that they can get them at the best affordable price. The procurement of goods

like water treatment chemicals among others are bought in bulk so that discounts can be obtained base on large quantities purchased.

4.3.3 Differentiation Strategies

The respondents indicated that the commodity they offer can be differentiated in terms of quality and the mode of delivery. The respondents further indicated that the water they serve to their customers is of high quality as they observe the best approved standards in treating their product. The respondents further indicated that the board has distinguished itself as the provider of best quality water services than the other providers hence it has been able to attract and retain more customers over the long time that they have been in operations.

The respondents mentioned that the price of the commodity is differentiated for different classes of customers. The domestic customers are charged lower prices than the industrial and commercial water users are charged higher prices. They also indicated that their customers are differentiated according to the usage for operational purposes and customer care services that they offer is of high standard that it has enable the institution to record low levels of customer complaints over the services that they offer.

The respondents indicated that the Board has invested heavily in high quality technology equipments that have enabled the institution to respond to customer complaints on time and such equipments purchased include water leakage detection equipments that enable the operators to quickly trace any underground water leakage and repair urgently. The other technology adopted by the Board that has differentiated them from other water providers is the use of data loggers to capture meter reading data from the field and posts directly to the billing system without any undue delay and this has enabled the institution to produce accurate bills and reduce on time of billing cycle.

The results indicates that the Board has differentiated delivery system of its services which they derive from the service charter like prompt response to customer complaints irrespective of the nature of complain and this has been achieved by having dedicated workforce that ensures customers get the best services

4.3.4 Focus Strategies

The respondents indicate that the board focuses on their customers within its area of jurisdiction that they are operating under the licence issued by the regulator in order to compete effectively with the other players within their enclaves like Runda water service provider and other private borehole venders were cited .The Board has segmented its customers in terms of consumption patterns so that they are able to monitor them and respond to their changing consumption patterns. The Board focuses on the large consumers to maintain good customer relationship as they obtained large revenue from them hence reducing chances for them to default on their bill payments.

The strategies that the Board focus most as is indicated by the respondents is the reduction of un accounted for water (UFW). This un accounted for water represent non revenue water that has been produce for sale after treatment but failed to be billed because of various reasons including illegal connection by some consumers, burst and leakages .

The respondents also indicated that the Board provide water services to the households and persons living in low income areas at a lower cost advantage so that they can access and afford the service and this has enabled the Board to give water to many households within its area of jurisdiction by focusing on this lower segment of the population served. Focused strategy based on low cost aims at ensuring that more underserved population are reached and served with low cost water using appropriate delivery systems like provision of water through water kiosks or communal water points.

4.3.5 Resource Base Strategies

The respondents indicated that the board has enhanced its goal achievements by developing the capacity of its human resources and sourcing of adequate financial resources from the donor community and seeking Government support. The Board has devoted much of its resources in acquiring and retaining competent human resource through continuous training and development in modern skills in its key areas of operations like engineering skills and robust skills on Information systems.

The respondents also indicated that the Board is managing its resources efficiently by sensitizing the staff on the ways of minimizing wastages and ensuring that they source goods and services at the lowest available price without compromising on the quality and other cost cutting measures to reduce on the operational overheads hence not passing over the high costs to their customers through high water tariffs.

The results from the interviews indicated that the Board has invested in the state of the art treatment plant that has enabled it to produce high quality treated water compared to other operators hence enabling it to attract more users without resulting to further treatments like use of water guard or chlorination.

4.4 Discussion

The Board has employed a great mix of strategies which are in line with Porter's (1980) generic strategies namely differentiation, cost leadership focus and differentiation focus. These strategies were used by the board in its endeavor to achieve its strategic objectives of achieving the Millennium Development Goals on water and sanitation.

Athi Water Services Board has adopted resource based strategy in capacity expansion and modernization of its information Communication Technology Infrastructures by investing in modern efficient computer software and high capacity servers. It has also improved its supply chain management for overall efficiency in the organization. The board also focuses most on low cost strategy to attract and retain many customers and this strategy has considerable attraction to the poor segment of its customer and this strategy is in line with Porter's (1996) focused low cost strategies.

The findings were also consistent with those of Ansoff and Mc Donnell (1990) which agreed that the distinctive competencies of a firm must have customer value, extendibility and must be competitor unique for them to attain maximum benefits for the firm. The board also adopted formal strategies which takes in to consideration the critical concept of competitive advantage and invested heavily in network expansion programs which has

increased water and sewerage coverage in its area of jurisdiction over the few years in operation.

The findings indicated that the management of the Board understood its strategic position and adopted strategic choices open to it and turn them into organization actions which assisted them to deliver their mandated and knowledge of this strategic positioning is in line with findings of Pierce and Robinson (1997).

The management of the Board was cognizant of the challenges facing the institution and endeavors to develop its internal competencies by training its staff on modern best practices of managing water systems.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the research findings, conclusion and recommendations as observed by the researcher.

5.2 Summary

The results from the study indicate that the Board uses low cost strategy in order to attract and retain its customers and help to offer universal access to water and sanitation services and achieve its objective on attainment of Millennium Development goal on water and sanitation. The low cost strategy has enabled the board also to reduce and maintains its overhead expenditures at reasonably lower levels without resulting to increasing water user charges to cover such operational overhead costs.

The regulation of the water sector by the government through the water sector regulator hence it does not give the Board the leeway to arbitrarily change the user charges prices without consulting the regulator. However the Board has managed to offer services cheaply and retained the lower prices charge to its customers by practicing prudent financial management like tight control of the costs and other overheads through reduction of input costs without compromising on the quality, tight control of labour costs by adopting informed recruitments .The top management has invested heavily on sensitizing employees on adoption of low cost strategies to help achieve the objective of minimizing the costs of operations. A low operational cost has been achieved through competitive sourcing of products by way of competitive tendering process.

The results indicated that the Board has been able to achieve its objectives by building effective service delivery systems and offer high quality water to its customer hence maintain their loyalty. The results also shows that the Board focus on providing efficient and effective customer care that has enabled it to reduce the number of reported

complaints and adoption of quick response mechanism to resolving any reported issues to the Board.

The board uses resource based strategy by taking cognizance of the comparative advantage that the resources it has within its disposal help to deliver its objectives. The Board has identifying potential donors to partner with while sourcing funds for capital development and renewal of the old infrastructure. The Board has adequately invested in new water and sewerage infrastructure, modern information system technologies and continuous improvement of its workforce human skills.

5.3 Conclusion

The results from the study indicated that the Board has adopted right strategies to achieve its objectives. The Board has adopted low cost strategies which have seen the management and other employees of the Board come up with ways of reducing costs by using various techniques like the Kaizen which advocates for continuous improvements of the organizational processes to efficiency and effectiveness. It has also perfected sourcing of its goods and services through competitive procurement processes.

The Board had other ways of differentiation strategies like price differentiation on its various customer categories where the poor customers are charged at lower prices and the higher segment of customers are charged at higher prices. Customers are also differentiated per their consumption category for pricing and monitoring purposes.

5.4 Recommendation of the Study

The findings from the study indicated that the Board uses low cost strategy in order to offer accessible services to many customers. However the Board has not managed to sufficiently reduce its overheads and thus is recommended that they work towards streamlining its operations so that they can reduce costs to manageable levels for instance the personnel costs which are still above acceptable benchmark set by the water regulator.

It is recommended that the Board improve water production by expanding the existing systems and developing new water sources so that it can cope with the increasing demand for its services. The Board also needs to increase its financial resources for development of new water works and maintenance of the existing systems so that it can achieve its objectives.

5.5 Recommendation for Further Research

The research was a case study of the strategies adopted by Athi water Services Board towards the achievement of millennium development goals on water and sanitation and therefore the research may need to be replicated in other water sector institutions to establish whether there is any consistency in the application of the strategies adopted by this institution in its endeavors to achieve their objectives.

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Appendix I: Letter of Introduction

University of Nairobi

P.O BOX 30197 - 00100

NAIROBI.

Dear Respondent,

I am carrying out a study on “Strategies adopted by Athi water Services Board towards the achievement of Millennium Development Goals (MDGs) on water and sanitation”. This is in partial fulfillment of the requirements for the award of degree of Master of Business Administration (MBA), School of business, University of Nairobi.

I kindly request you to allow me to interview senior managers in your institution on this subject.

All the information obtained will be treated confidentially and for the purpose of the research only.

Thank you for your cooperation.

Yours Sincerely,

David Leleito

Appendix II: Interview guide to collect data on strategies adopted by AWSB towards achievements of MDGs on water and sanitation.

1. Which department do you work in?

Finance and Administration Interview Guide to collect data on Strategies adopted by Athi Water Services Board towards the achievement of MDGs on Water and Sanitation.

☐

☐ Infrastructure Development

☐ Corporate Planning

2. For how long have you worked in this institution?

Less than 2 years	
2 – 4 years	
4 – 6 years	
Over 6 years	

3. What is your highest level of education?

Certificate	
Diploma	
Bachelors	
Masters	
PhD	

4. What are your objectives in relation to provision of water and sanitation services?

5. Are there any timelines for achieving those objectives?

6. What strategies have been put in place to assist in achieving your goals as an organization?

7. What programs/projects have you implemented or currently undertaking to achieve your goals on water and sanitation?

8. Which strategies do you emphasis most in your endeavor to achieving your objectives?
9. How does the board ensure that prudent financial management is being observed in the process of delivering on the objectives?
10. How does the board ensure that it has enough capability both resource wise and human capacity to deliver on its mandate?
11. How does the board ensure that new customers are brought on board?
12. Do you categorize your customers into different classes? If yes, what is the basis for the categorization?
13. Which low cost strategies do you adopt in your services delivery?
14. Is subsidy a consideration in your pricing? If yes what type of subsidy is employed and Why?
15. Is your product differentiated? If yes, how?
16. Is customer service a factor in service provision and how does the board build on this to improve access?
17. What service delivery innovations have been adopted to increase access?
18. Has the board adopted ICT in service provision? If yes, in which areas has it been adopted?
19. How do you improve the quality of the water supplied and how does this impact on access levels?
20. What measures are adopted to reduce the per capita connection cost?
21. How often do you undertake a rate reviews?
22. Does the board undertake market research/benchmarking to improve service provision?

THANK YOU