STRATEGIES USED BY DIVERSEY EASTERN AND CENTRAL AFRICA LIMITED TO CREATE SUSTAINABLE COMPETITIVE ADVANTAGE

BY

PAUL MWASARU MWAZUMBO

A Management Research Project Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration (MBA) of School of Business, University Of Nairobi

November 2010

DECLARATION

This Management Research Project is my original work and has not been submitted for another degree award of this or any other University.

Signed……………………………………..Date…………………………………………

Paul Mwasaru Mwazumbo

D61/70220/2007

This Management Research Project has been submitted for the examination with my approval as the University Supervisor.

Signed………………………………… Date………………………………………

Professor E. Aosa

School of Business

University of Nairobi

DEDICATION

I dedicate this study to my loving wife Lucy Afia Nthambi Mwasaru for her unwavering support all through and my wonderful children Natasha Mwasaru and Emmanuel Mwasaru who have always believed in me and encouraged me to go on.

ACKNOWLEDGEMENT

My gratitude goes to my Supervisor, family, colleagues, friends and all those who contributed immensely towards the completion of my Research Project.

Special thanks to my Supervisor, Professor E. Aosa for his tireless efforts in ensuring that this Research Project was done to the required standards. Your efforts were not in vain.

I would also like to give thanks to Dr. Mars Waweru of United States International University for giving me access to some of the journals I used in the Research Project.

Thanks also go to the country leadership team at Diversey Eastern and Central Africa Limited for allocating time out of their busy schedule to enable me conduct the interviews. I would like to specifically thank Boniface Kariuki, the Managing Director, Muchoki Mwangi, the Business Development Director (Food, Beverage Hygiene and Export), Albert Ouma, Business Development Director (Hotel and Institutions), Mwihaki Njehu, Value Chain Director, Mwangi Muura, IT Manager and Michael Waithaka, Customer Development Manager.

I am also grateful to my colleagues, especially Peterson Mwangi Muthike and also a special friend, Albert Ouma formerly of Strathmore University and a former workmate at Diversey Eastern and Central Africa Limited for their assistance, criticisms and useful suggestions towards this Research Project.

Finally and most importantly I wish to thank God Almighty for giving me the strength to be able to complete this Research Project.

TABLE OF CONTENTS

ABSTRACT

An organization's success is environment dependent. Organizations function within the environment. The environment offers opportunities and poses threats to an organization depending on the capabilities of an organization. For an organization to survive it has to pay keen attention to its environment. Thomson et al (2010) posits that a company's competitive strategy deals exclusively with the specifics of management plan for competing successfully. Barney and Hesterly (2008), posit that the ultimate objective of the strategic management process is to enable a firm to choose and implement a strategy that generates a competitive advantage. In general, a firm has a competitive advantage when it is able to create more economic value than rivals.

This study set out to address two objectives which were firstly to establish the strategies Diversey Eastern and Central Africa Limited (DECAL) had used to create sustainable competitive advantage and to establish the challenges DECAL had faced while in pursuit to creating sustainable competitive advantage.

To achieve these two objectives the study made use of both primary and secondary data. Primary data was collected through personal interviews with the senior management at DECAL. Secondary data was obtained from DECAL's financial statements, website and in-house publication. A content analysis was carried out on the data obtained to allow for an in-depth understanding of issues in the case study.

The study found out that DECAL has a formal strategic planning process which is driven from the global corporation and tailor made to suit local concerns by the country leadership team. The study found out that the company was able to respond to most changes in the environment which impacted on the company activities. The study identified the following factors which the company has been able to put up strategies so as to create sustainable competitive advantage. In the political environment the key variable had been the post election violence which took place after the disputed 2007 elections. In the legal environment the key variable had been taxation.

In the technological environment the key variable was mainly obsolescence of raw materials and products due to innovations and restriction of raw materials having ecological impacts. In the economic environment the key variables have been cross border tariffs, inflation rates, high interest rates and cost of electricity. In the competitive environment the key variables have been low barriers to entry by competition, bargaining power of customers and cheap low quality materials from some local suppliers.

The study suggested that in order to understand other possible strategies that can be used to create sustainable competitive advantage at DECAL further studies could be carried out in other companies within the Basic industrial chemicals sector. A further study could also be carried out to determine why DECAL chooses to use the strategies it had adopted and lastly further suggested study could be carried out on DECAL to determine how the company would alter its strategies to other changes in the environment in future.

This study concluded that even for companies that were successful, it is prudent that they continuously engage in strategies that are aligned and match with changes in the external environment to create sustainable competitive advantage. Organizations also need to selfishly protect its core competencies and unique resources to be able to create a sustainable competitive advantage.

CHAPTER 1 INTRODUCTION

1.1 Background of the Study

Organizations are open systems and thus cannot survive on their own. All open systems are environment dependent and environment serving. All companies operate in a macroenvironment shaped by influences emanating from general conditions which are population demographics, societal values and lifestyles, legislation and regulations, technology and industry and competitive environment in which the company operates (Thompson, Strickland and Gamble, 2010).

According to Pearce and Robson (2008), the immediate external environment includes competitors, suppliers, increasing scarce resources, government agencies and their ever more numerous regulations, and customers whose preferences often shift inexplicably. To deal effectively with everything that affects the growth and profitability of a firm, executives employ management processes that they feel will position it optimally in its competitive environment by maximizing anticipation of environmental changes and of unexpected internal and competitive demands.

Thomson et al (2010) posits that a company's competitive strategy deals exclusively with the specifics of management plan for competing successfully which includes its specific effort to please the customer, its offensive and defensive moves to counter the maneuvers of rivals, its response to whatever market conditions prevail at the moment, its initiative to strengthen its market position, and its approach to securing a competitive advantage in relation to its rivals.

1.1.1 Sustainable Competitive Advantage

Pearce and Robinson (2008) argued that business managers must evaluate and choose strategies that they think will make their business successful. Businesses become successful because they possess some advantage relative to their competitors. The two most prominent sources of competitive advantage can be found in the business's cost structure and its ability to differentiate the business from competitors. Businesses that create competitive advantages from one or both these sources usually experience above-average profitability within their industry. Businesses that lack a cost or differentiation advantage usually experience average or below-average profitability (Porter, 1985).

Understanding how to exploit its competitive advantage is necessary for a firm to earn above-average returns (D'Aveni, 1995). By achieving strategic competitiveness and successful exploiting its competitive advantage, a firm is able to accomplish its primary objective of earning above average returns. Above average returns are returns in excess of what an investor expects to earn from other investments with similar amount of risk. Risk is an investor's uncertainty about the economic gains or losses that will result from a particular investment (Shrivastava, 1995). Firms that are without a competitive advantage or that are not competing in an attractive industry earn, at best, average returns. Average returns are returns equal to those that an investor expects to earn from other investments with a similar amount of risk. In the long run an inability to earn at least average returns results in failure.

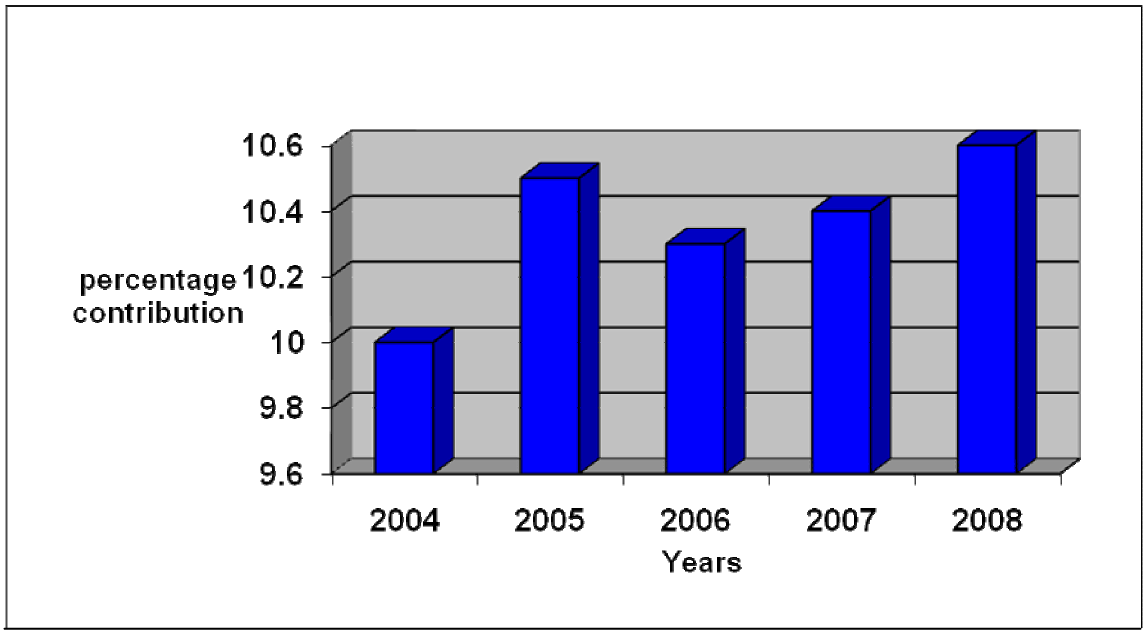
Dynamic in nature, the strategic management process is the full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above average returns (Meyer, 1991). Effective strategic action then takes place in the context of carefully integrated strategy formulation and strategy implementation processes result in desired strategic outcomes (Schendel, 1994).

1.1.2 Chemical and Allied (Basic Industrial Chemicals) Industry

The Kenyan economy has undergone a period of subdued performance especially in the late 1990's which affected most industries including the manufacturing industry. The Kenya government policies on liberalization were articulated in the sector policy paper of 1996/8 of the Government of Kenya. These policies outlined the reforms measures to be undertaken in all sectors of the economy in order to accelerate growth and development. These changes included privatization and commercialization of public sectors, increased competition, and liberation of the economy and accelerated implementation of reforms by the government and rapid technology advancement.

The Manufacturing sector is very important to the Kenyan economy since it has continued to post an average of 10% of the total Kenyan GDP between 2001 and 2009 (Economic Surveys, 2005 and 2010).

Figure 1-1 Manufacturing sector contribution to GDP (2005-2008)



Data source: Kenya National Bureau of Statistics, 2009

It has been generally accepted that this sector will continue playing a key role in the growth of the economy (Kenya Association of Manufacturers, 2006). The sector is the leading foreign exchange earner accounting for 34% of the total earnings as per the Economic survey, 2006. The Chemical and Allied sector which falls under the Manufacturing sector contributed 7.1 % of all the manufacturing establishments. Diversey Eastern and Central Africa Limited (DECAL) is classified under the Chemical and Allied sector and specifically within the Basic Industrial Chemical sector. DECAL services many others sectors in the manufacturing industry which include the Food and Beverages and Tobacco manufacturing which contributed 18% of the total manufacturing, Building, Construction and Mining which contributed 4% of the total manufacturing and Pharmaceutical and Cosmetic Industry which contributed 1.6% of the total manufacturing, DECAL also services other sectors like tourism through food services lodging and fast foods. DECAL also gives support to the education and commercial industry, commercial laundries, hospitals and nursing homes and catering and contract cleaning. It therefore contributes directly to the Kenya GDP or provides inputs into other sectors which contribute to the GDP.

It had been predicted that manufacturing sector will contribute 15.7% of the Kenya GDP by 2007 (Economic Survey, 2006). However this sector has continued to face various challenges which have affected the sector competitiveness. These included high cost of production competition from cheap imports, high taxes, low credits from financial institutions and drought (Economic survey, 2010). The Kenya association of manufacturers identified 1,300 business related licenses in Kenya required in the manufacturing sector in a survey conducted in 2006 implying that this sector is highly regulated.

New legislation has also led to changes in the remote and operating environment. The Government of Kenya in 2004, invoked the implementation of the Environmental Management Coordination Act (EMCA 1999) and its Regulations of 2003 through the National Environmental Management Authority (NEMA). NEMA required that all industries to have undertaken Environmental Audits (EA) before the close of that year. Other regulations which came later such as the Water quality regulations (2006), which required that industries discharged effluent within some stipulated parameters and therefore the need to invest in very costly effluent treatment plants. The same regulation required the manufacturers carry out analysis of their effluents every time they had to discharge. The introduction of the controlled substance regulations of 2007 required that organization stop the use of chlorofluorocarbons which were identified as contributing to the depletion of the ozone layer. NEMA has continued to introduce newer regulations such as the Noise and excessive vibration Regulations of 2009 which requires the control of noise in workplaces to below 85 decibels. Other regulations introduced by the Occupational Health and Safety Act of 2007 required that organizations in the manufacturing sector conduct annual health and safety audits, carry out noise surveys and conduct medical checkups including audiometric tests for all its employees. These requirements have increased the budgets and therefore the cost of production in most organizations in the manufacturing sector.

Most of the raw materials used in the chemical and allied sector are classified under chapters 28, 29, 33, 34, and chapter 38 of the Harmonized Systems (HS) codes which attract a taxation rate of between 5 and 25% adding a considerable amount to the production cost. 75% of these raw materials are imported and this can pose serious challenges among them the cost of oil which consequently has a bearing on the exchange rate and the cost of such materials.

1.1.3 Diversey Eastern and Central Africa Limited

Diversey Eastern and Central Africa Limited (DECAL) is a wholly owned subsidiary of the worldwide corporation with operations in over 60 countries and headquarters in the Racine, Wisconsin, United States of America.

The Kenyan operation was incorporated in October 1970 through the UK office with initial responsibility for Eastern and Central Africa. However this has now been expanded to include Morocco and West Africa following a recent rationalization.

Diversey has undergone a series of transitions, having initially operated as Diversey, then owned by the Molson group brewery giant of Canada. To expand into the American Market, Diversey bought Wyandotte and then changed its name to DiverseyWyandotte and traded as such before reverting to its original name. In 1996, Unilever acquired Diversey and merged it with its Lever Industrial division to form a new company called DiverseyLever. In 2002 Unilever decided to concentrate on its core business at household level and sold DiverseyLever to the Johnson family. The family merged DiverseyLever with its Johnson Wax Professional division and this saw the formation of JohnsonDiversey. In 2009 Clayton Dubilier & Rice invested $477 million in JohnsonDiversey after which JohnsonDiversey announced name change to Diversey.

DECAL operates in an industry which serves several areas which include cleaning, sanitation and disinfection to the professional, industrial and institutional customers. The products and services cover the following two application areas namely Food and

Beverage and Hotels and Institutions. The annual turnover for Diversey Eastern & Central Africa Ltd is estimated to be more than KES 960Million.

1.2 Research Problem

According to Hitt, Ireland and Hoskisson (1997), strategic competitiveness is achieved when a firm implements a value creating strategy. When a firm implements a value creating strategy of which other companies are unable to duplicate the benefits or find it too costly to imitate, this firm has a sustained or sustainable competitive advantage (Barney, 1991). Even if a firm achieves competitive advantage, it normally can sustain it only for a certain period of time (Collis and Montgomery, 1995). The speed with which competitors are able to acquire the skills needed to duplicate the benefits of a firm's value creating strategy determine how long competitive advantage will last (Grant, 1995).

The Basic Industrial Chemical sector has come under threat due to a number of environmental changes which are mainly competitive in nature. More than 15 year ago the players were mainly Diversey Eastern and Central Africa Limited, Henkel Kenya Limited and to a lesser extent Safi Products Limited. The first two were mainly foreign owned while the third was locally owned. Over time Henkel underwent a rationalization programme and shed off its Cleaning and Sanitizing business to Ecolab an American company, which saw the formation of Ecolab Kenya Limited on the local scene.

Due to challenges in the environment a number of employees underwent retrenchments and voluntary retirements. Over time, other employees were relieved of their duties due to disciplinary matters. Some of these employees either started their own organizations or joined existing ones. These organizations include Odex Chemicals, Robico and Blue Ring Products among others. These changes have created a new competitive landscape in the Basic industrial chemical sector.

Various studies have been carried out on how organizations create sustainable competitive advantage. These include Awuor (2006) who studied the strategies employed by KTB to establish a sustainable competitive advantage for Kenya, as a tourist destination and was able to conclude that strategic and visionary leadership is important for the attainment of a sustainable competitive advantage. She further noted that KTB was able to achieve this through the introduction of strategic planning by the then MD.

Dulo (2006) studied the sources of competitive advantage and the performance of firms in the Kenya sugar industry and established that internal sources of competitive advantage are more important and relevant than external sources. Ndungu (2006) studied sustaining a competitive advantage at British Airways World Cargo, Kenya and was able to conclude that an organizations needs to consider both its external environment and its unique resources and core capabilities when making strategies to achieve advantageous and easily defendable positions in its markets. Njoroge (2006) studied building competitive advantage through diversification at KENOL/KOBIL Oil Corporation and was able to conclude that KENOL/KOBIL attained competitive advantage through geographical diversification.

None of these involved a case study on creating sustainable competitive advantage in the chemical and allied sector and specifically in the basic industrial chemical industry and that is why the researcher is proposing to do a case study at DECAL.

There is evidence that local competitor companies to DECAL are competing based on price and have gained market share among blue chip customers that DECAL used to wholly service. Due to this competitive pressure, it is possible that DECAL has put together a business strategy to ensure growth and sustainability of its business. The researcher finds it important to establish how and what strategies have been developed and implemented to ensure sustainability of the business. This study aims at addressing two research questions. What strategies has DECAL used to create sustainable competitive advantage? What challenges has DECAL faced while in pursuit to creating sustainable advantage?

1.3 Research Objectives

This study had two objectives. These were,

i. To establish the strategies DECAL has used to create sustainable competitive advantage.

ii. To establish the challenges DECAL has faced while in pursuit to creating sustainable competitive advantage.

1.4 Importance of the Study

The findings of this study will be of critical significance to Diversey Eastern and Central Africa Limited (DECAL) as an organization and its various stakeholders in a number of ways. The company’s top management and the board will find the study recommendations significant in the improvement of the current strategies. The study will also be beneficial to the managers of other firms within the basic chemicals and chemical and allied industry on how they can create sustainable competitive advantage. For academicians, this study will form a foundation upon which other related and replicated studies can be based on. It will also benefit scholars with more theory to understand how DECAL has gained sustainable competitive advantage. The study will also aid potential investors in determining whether to invest in DECAL or to establish their own companies by gaining insights on strategies employed by DECAL to create sustainable competitive advantage.

Suppliers will benefit from this study by knowing the vision, mission and policies of the company. This will help them in improving the mutual beneficial relationship. Suppliers will also benefit by assessing the opportunities and threats posed by the company’s strategies.

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

According to Mugenda and Mugenda (2003), literature review involves locating, reading and evaluating reports of previous studies, observations and opinion related to the planned studies. It therefore leads to appreciating and understanding the research that has already been done in one's area of interest. The literature review also provides the researcher with a body of knowledge and understanding of the conceptual and analytical framework in the area of study.

2.2 The Concept of Strategy

Various authors define strategy in a different ways. According to Thompson et al (2010) a company's strategy is management's action plan for running the business and conducting operations. The crafting of a strategy represents the managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations, and improving the company's financial and market performance.

Ansoff and McDonnell (1990) defined strategy as a set of decision-making rules for guidance of organizational behavior. They further added that there are four distinct types of such rules, firstly is a yardstick by which present and future performance of the firm is measured. The quality of yardsticks they say are called objectives and the desired quantity are goals. Second, the rules used by the organization in developing its relationship with the external environment, which are called product-market or business strategy. The third type is rules for establishing internal relations and processes within the organization which are referred to as the organizational concept. Lastly, are the rules by which the firm conducts its day-to-day business which are called operating policies.

According to Mintzberg, Quinn and Ghoshal (1998) a strategy is the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole. A well formulated strategy helps to marshal and allocate an organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligence opponents.

To help people manoeuvre through the field of strategy Mintzberg et al (1998) came up with five definitions of strategy which were strategy as a plan, ploy pattern, position and perspective. Strategy as a plan specifies a deliberate, consciously intended course of action that is designed in advance of the actions it governs. Strategy as a ploy is a specific maneuver intended to outwit competitors.

As a pattern, strategy emerges from a stream of actions, visualized only after the events it governs and is developed in the absence of intentions and without preconception, this he termed as emergent strategy. As a position, strategy is a means of locating an organization in the environment and indicates how the organization will develop a sustainable competitive advantage. As a perspective, strategy gives an organization an identity and reveals the way an organization perceives the outside world. Mintzberg et al (1998) argued that no one definition should be preferred to the others. In some senses they can be considered as alternatives or complementary approaches to strategy.

Strategy is a firm's game plan for surviving in the changing environment (Johnson, Scholes and Whittington, 2006). It is 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 the market and fulfill stakeholder expectations. Chandler (1962) argued that strategy is the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and allocation of resources necessary for carrying out the goals.

2.3 Competitive Strategies

Porter (1980) argues that at the broadest level we can identify three internally consistent generic strategies for creating a defendable position in the long run and outperform competitors in an industry. Porter identified three potentially successful generic strategic approaches in coping with the five competitive forces to outperform other firms in an industry. These are overall cost leadership, differentiation and focus.

The first strategy is to achieve cost leadership in the industry through a set of functional policies aimed at this basic objective. The second strategy is the one of differentiating product or service offering firm, creating something that is perceived industrywide as being unique. Although the low cost and differentiation strategies are aimed at achieving their objectives industry wide, the entire focus strategy is built around serving a particular target very well, and each functional policy is developed with this in mind.

The strategy rests on the premises that the firm is thus able to serve its narrow strategic target more effectively or efficiently than competitors who are competing broadly. As a result, the firm achieves either differentiation from better meeting the needs of the particular target, or lower costs in serving this target, or both. Even though the focus strategy does not achieve low cost or differentiation from the perspective of the market as whole, it does achieve one or both of these positions vis-à-vis its narrow market target.

The firm achieving focus may also potentially earn above-average returns for its industry. Its focus means that the firm either has low cost position with its strategic target, high differentiation, or both. Porter posits that in the context of cost leadership and differentiation, these positions provide defenses against each competitive force. Focus may also be used to select targets least vulnerable to substitutes or where competitors are the weakest.

Porter (1980) argued that although the relevant environment is very broad encompassing of social as well as economic forces, the key aspect of the firm's environment is the industry it competes in. According to him, the industry structure has a strong influence in determining the competitive rules of the game and strategies potentially available to a firm. Forces outside the industry are significant in a relative sense because they affect the industry as a whole but the key is in the differing abilities to deal with them.

Porter advanced five forces that according to him define the state of competition in an industry. These forces which pose a challenge to a firm since they determine competition and profitability in an industry are threats of entry, bargaining power of suppliers, bargaining power of buyers, threats of substitutes and competitive rivalry. In order to succeed in the industry, the firm has to formulate competitive strategies to relate to these forces. The firm's performance is believed to be predicted primarily by a range of industry's properties including economies of scale, barrier to entry, diversification, product differentiation, and degree of concentration (Seth and Thomas, 1994)

2.4 Need for Creating Sustainable Competitive Advantage

Porter (1985) argued that generic strategy does not lead to above average performance unless it is sustainable in relation to competitors, though actions that improve industry structure may improve industrywide profitability even if they are imitated. The sustainability of the three generic strategies demands that a firm's competitive advantage resists erosion by competitor behaviour or industry evolution. The sustainability of a generic strategy requires that a firm possess some barriers that make imitation of the strategy difficult. Since barriers to imitate are never insurmountable, however it is usually necessary for a firm to offer a moving target to its competitors by investing in order to continually improve its position.

Porter (1985) further argues that cost advantage will result in above average performance only if the firm can sustain it. Improving relative cost position in unsustainable ways may allow a firm to maintain cost parity or proximity, but a firm attempting to achieve cost leadership must also develop sustainable sources of cost advantage. Cost advantage is sustainable if there are entry or mobility barriers that prevent competitors from imitating its sources. Sustainability varies from different cost drivers and from one industry to another. Some drivers, however, tend to be more sustainable than others.

According to Porter (1985) the sustainability of differentiation depends on two things, its continued perceived value to buyers and the lack of imitation by competitors. There is an ever-present risk that buyers needs or perceptions will change, eliminating value of a particular form of differentiation. Competitors may also imitate the firm's strategy or leapfrog the bases of differentiation a firm has chosen. The sustainability of a firm's differentiation in relation to its competitors depends on its sources. To be sustainable, differentiation must be based on sources where there are mobility barriers to competitors replicating them.

From the 1960s through the 1980s, the external environment was thought to be the primary determinant of strategies firms selected to be successful. However another school of thought which has come to be famously known as the resource based model was brought forth in the field of competitive advantage (Barney, 1991; Collis and Montgomery, 1995; Grant, 1991, Lado, Boyd and Wright, 1992).

According to Hitt et al (1997) a sustainable competitive advantage is achieved when firms implement a value-creating strategy that is grounded in their own unique resources, capabilities, and core competencies. This is based on the resource based model which suggests that the unique resources and capabilities of a firm’s internal environment are the critical link to strategic competitiveness. Firms achieve strategic competitiveness and earn above-average returns when unique competencies are leveraged effectively to take advantage of the opportunity of the external environment.

According Johnson et al (2006) organizations have to choose resources and competences that can be sustained over time. This requires an organization to choose strategic capabilities that create value to the customer i.e. those that make the organization meet the needs and expectation of its customers. An organization also needs to have strategic capabilities that are rare i.e. those that are not the same as other organizations. An organization also needs to have strategic capabilities that are not easy to imitate and finally those that cannot be easily substitutable (Barney, 1991). The challenge for strategist in all firms is to manage the current core competencies effectively while simultaneously developing new ones to use when the competitive advantage derived from application of the old ones is eroded. Only when firms develop a continuous stream of competitive advantages do they achieve strategic competitiveness, earn above average returns, and remain ahead of competitors.

Hitt et al (1997) in explaining the resource based model argued that it assumes that each organization is a collection of unique resources and capabilities that provide the basis of its strategy and is the primary source of its returns. In the new competitive landscape, this model argues that the firms are collections of evolving capabilities that are managed dynamically in pursuit of above-average returns. Thus according to this model, differences in firms' performance across time are driven primarily by the organizations' unique resources and capabilities rather than by an industry's structural characteristics (Rumelt, 1991). This model also assumes that over time, firms acquire different resources and develop unique capabilities. As such, all firms competing within a particular industry may not possess the same strategically relevant resources and capabilities. Another assumption of this model is that resources may not be highly mobile across firms. The differences in resources form the basis of competitive advantage (Barney, 1994).

Hitt et al (1997) defines resources are inputs into a firm's production process, such as capital equipment, the skills of individual employees, patents, finance, and talented managers. In general a firm's resources can be classified into three categories; physical, human, and organizational capital (Barney, 1991). Individual resources alone may not yield a competitive advantage. For example a sophisticated piece of manufacturing equipment may become strategically relevant resource only when its use is integrated effectively with other aspects of a firms operation's (such as marketing and the work of employees). In general, it is through the combination and integration of sets of resources that competitive advantages are formed.

Strategic capability is the adequacy and suitability of the resources and competences of an organization for it to survive and prosper (Johnson et al 2006). Through continued use capabilities become stronger and more difficult for competitors to understand and imitate. As a source of competitive advantage a capability should be neither so simple that it is highly imitable nor so complex that it defies internal steering and control.

Hitt el al, (1997) concludes, the resource-based view is grounded in the perspective that a firm's internal environment in terms of its resources and capabilities is more critical to the determination of strategic actions than is the external environment. Instead of focusing on the accumulation of resources necessary to implement the strategy dictated by conditions and constraints in the external environment, the resource-based view suggests that a firm's unique resources and capabilities provide the basis for a strategy. The strategy chosen should allow the firm to best exploits its core competencies relative to opportunities in the external environment.

Not all of a firm's resources and capabilities have the potential to be the basis for competitive advantage. The potential is realized when resources and capabilities are valuable rare, costly to imitate, and nonsubstitutable (Barney, 1995). Resources are valuable when they allow a firm to exploit opportunities and /or neutralize threats in its external environment; they are rare when they possessed by few if any, current and potential competitors; they are costly to imitate when other firms either cannot obtain them or are at a cost disadvantage to obtain compared to the firm that already possess them; and they are nonsubstitutable when they have no structural equivalents (Barney, 1991).

When these four criteria are met resources and capabilities become core competencies. Core competencies are resources and capabilities that serve as a source of competitive advantage for a firm over its rivals (Lado et al 1992). Often related to a firm's functional skills the development nurturing and application of core competencies throughout a firm may be highly related to strategic competitiveness. Thus the resource-based model argues that core competencies are the basis for a firm's competitive advantage, its strategic competitiveness, and its ability to earn above-average returns.

CHAPTER 3 RESEARCH METHODOLOGY

This chapter shows how the data was collected to address the objectives in chapter one. This chapter is organized into three parts which are research design, data collection and data analysis.

3.1 Research Design

This was a case study of Diversey Eastern and Central Africa Limited. Kothari (1990) described a case study as a careful and complete examination of a social unit, institution, family, cultural group or an entire community. A case study he argues embraces depth rather than breadth of a study. According to Cooper and Schindler (2007), case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. The researcher used the case study strategy to gain a rich understanding of the context of the research and the processes being enacted (Saunders, Lewis and Thornhill, 2009).

Saunders et al (2009) in justifying the use of a case study strategy argued that it can be a very worthwhile way of exploring existing theory. In addition a well constructed case study strategy can enable a researcher to challenge an existing theory and also provide a source of new research questions. Other studies such as those of Ndungu (2006) and Njoroge (2006) have successfully adopted a similar research design.

3.2 Data Collection

This study made use of both primary and secondary data. Secondary data was obtained from the company's records such as financial statements and in-house magazines and publications. This method assisted in obtaining data quickly and cheaply and also assisted in probing when collecting primary data. Secondary data assisted in addressing the first objective which is to establish the changes in the competitive and remote external environments that have affected DECAL.

Primary data was collected through in-depth interviews. An interview guide was used to help steer the interview as well as ensure crucial data was not forgotten during the interviews. The interview guide made use of open ended questions. The open ended questions allowed the respondents to explain phenomenon in their own words and in more detail.

The planned initial target respondents for the study were ten. However due to the consistency of the information obtained, only six managers were interviewed. These were the Managing Director, Value Chain Director, Business Development Director (Food, Beverage and Export), Business Development Director (Hotels and Institutions), Customer Development Manager (FBH), and the IT Manager.

3.3 Data Analysis

The data collected from the study was qualitative data. A content analysis was performed on the data to allow for an in-depth understanding of issues in the case. Nachmias and Nachmias (1996) defines content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends.

By performing a content analysis, a clear understanding of respondents' answers was obtained. This approach had been used successfully by other researchers for previous similar studies like Awuor (2006), Omwenga (2007), and Muthike (2009).

CHAPTER 4 DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

Data in row form, that is, before these data have been processed and analyzed, convey little meaning. These data, therefore, need to be processed to make them useful, that is to turn them into information. Content analysis was used in this study to allow an in depth understanding of issues. This involved establishing related patterns and trends from the responses of the interviewees.

4.2 Strategic Planning

DECAL had periodic strategic plans. The review period was found to be every 5 years. Strategies are normally developed by the global corporate company. The strategies are aligned to the purpose, which is why Diversey exists and three pillars which are to protect lives, to preserve the earth and to transform the industry.

The global strategy is cascaded into a local strategy and implementation is based on the local set up which includes the local considerations and strategic sectors which are applicable locally.

Strategies are employed by breaking them down into short timeframes and sometimes specific regions for ease of implementation. Strategies were also found at both corporate and operational level and the bottom up approach was found in use. Some strategies were found to be emergent depending on the changes in the environment.

To achieve strategic objectives, actions and targets are agreed with the persons responsible in the implementation. Monthly departmental meetings are done to review and gain understanding of successes and also review courses of action. If any shortfalls are detected corrective actions are taken. The Country leadership team (CLT) also conducts monthly reviews to gain an overall view of the strategy progress.

4.3 Environmental Changes

The study established there had been many changes in the external environment variables however not all these changes had a large impact on DECAL. The following variables had impacted DECAL and have led to the company to come up with strategies for creating sustainable competitive advantage. In the political framework the company faced serious challenges prior to the 2002 elections because the environment was very harsh in doing business.

The company was also affected during the period of global recession which took place after 2003. During the post election violence after 2007 the company was not able to deliver products to its customers in Western Kenya due to the ongoing hostilities during that time. The violence also affected tourism in Mombasa and investments were also limited in other sectors. The company recorded the lowest sales since the company's inception.

The drought which affected most of the country after 2008 also had serious repercussions to DECAL since power costs went up due to low water levels in the hydroelectric power stations. Food shortage also meant the industries DECAL supplies too were not able to get enough inputs affecting their production levels e.g. in the dairy industry.

The opening up of the East African borders meant reduced tariffs and harmonization of trade documentation. This has increased business in Uganda and Rwanda but Tanzania still remains a hindrance due to non tariff barriers that exist with Kenya. Since DECAL has origins in United States of America, it is not allowed to trade with countries such as Sudan and Somalia.

Legal changes in the environment especially for environmental compliance in the local scene had minimum impact. This was attributed to the fact that DECAL over time has implemented environmental systems such as ISO 14000 at a global level. Of course the impact was felt then since it involved rationalization of certain raw materials which had a significant impact on the environment. Removal of these raw materials meant that performance of the culprit products was compromised. Some of the product costs went up as a result of substitution of these raw materials and the cost had to be passed to the customers.

Opportunities have also been created as result of introduction of NEMA regulations such as water quality and waste management. DECAL has been able to come up with solutions for its customers to minimize the amounts of water they can draw from water sources and also the quality of waste discharge by introducing treatment regimes to facilitate for recycling and re-use. DECAL has therefore been able to increase its water treatment business as result.

Import duty imposed on surfactants which are mostly used in innovation products has also affected DECAL since most of them are charged 25% tax, seriously affecting the cost of production. Due to poor infrastructure and the ongoing road construction the cost of distribution has also gone up. Traffic jams have also caused considerable delays in Nairobi. The high cost of electricity also affected the cost of inputs e.g. packaging materials.

The security situation in Somalia specifically due to piracy has also affected the economies in the region including Kenya. This has caused shipping costs to skyrocket affecting the cost of raw materials and by extension the products. Instability due to bomb threats and actual bombings has also affected DECAL since people have stopped frequenting bars affecting beers sales. This has adversely affected the breweries business.

Technological changes due to innovation which is mainly driven internally by the global company as a means of creating sustainable competitive advantage, has posed some challenges to DECAL. This has led to some raw materials being obsolete as a result. The regulations on restricted raw materials have also contributed to obsolescence to some extent. The removal of these raw materials from formulation has also led to challenges due to the fact that competition are selling equivalent products which perform better and are at lower prices leading to loss of business.

The other technological challenge is the use of Platinum Sage an ERP (Enterprise Resource Planning) which has to be customized for some processes. Other challenges on the ERP include capacity issues, performance especially when many users have to use it concurrently and lack of local support since the company has to rely on engineers from the USA.

Economic factors which have affected DECAL include reduced capital outlay because banks reduced their lending and also had high interest rates resulting in high costs of lending. Due to reduction in capital expenditure, DECAL was not able to make strategic capital investments. Longer chains of management approval for capital expenditure by customers also meant decisions were delayed on capital investments, since some of the products involve huge capital outlays.

The barrier of entry in detergent business is low and therefore there are always new competitors coming in. This is due to the fact that basic formulations are available even sometimes with the raw material suppliers who use this as leverage to boost their sales. A number of former employees of DECAL and competition left with formulations which they had access to and have ended up producing similar products. 70% of the market share is composed of regional players and cottage industries such as the famous Kariobangi light industries. Competition is stiff and therefore a number of competitors close shop when they cannot compete effectively.

Bargaining supplier of buyers has fairly been very low and this can be attributed to the fact that the Kenyan market has many fragmented suppliers due to lack of proper regulations and hence the competitive pressure is high. The availability of cheap raw materials from China which sometimes have compromised on quality is also a challenge to DECAL while trying to maintain superiority of its products since most of the competitors go for these low cost raw materials thus able to offer products at low costs. Suppliers with patented raw materials charge premium prices hence increasing cost of production.

Most of the DECAL business is from multinational e.g. beer and soft drink companies and normally they bargain hard for prices and it becomes very difficult to effect price changes and at times this affects their margins. Most other buyers are looking for reduced costs of cleaning due to bad economic times hence slow to take innovative products and price increases.

Threat of substitutes has mainly come through the overlap between the consumer and industrial suppliers which has also eaten into the market share for DECAL. Companies such as Unilever offer products e.g. ‘Omo’ which some customers use in preference to the ones offered by DECAL due to their low costs.

4.4 Strategies used to create sustainable competitive advantage

The following are the specific strategies used by DECAL to create sustainable competitive advantage in response to changes in the external environment. These strategies were dependent on the company’s internal capabilities and this study found them adequate in addressing the changes to the external environment and commitment from the staff was evident in the entire organization to ensure that they were successful.

4.4.1 Retrenchment

The organization lost its business to East African Breweries Ltd in 1998 due to loss of some of the workers who joined competition. The business was mainly bottle washing and cleaning in place (CIP). The latter uses technology that allows cleaning processing equipment without having to dismantle it from a remote cleaning station.

During that period the EABL business constituted at least 40% of the total DECAL business. This led to the management to retrench 30 of its 90 members of staff. This was able to help the company cut down its costs to able to maintain its profitability. The organization was then able to move from its traditional business and broaden its customer base. Most of the members of staff who were sent home were mainly in the support processes which resulted to increase in the customer facing personnel.

4.4.2 Resource Provision

The retrenchment process above mainly focused on staff involved in the support process. This was strategic in the sense that the organization wanted to increase its customer focus. The organization was able to increase the number of customer facing individuals and the current ratio of these staff to support is 1:1. The organization has also clearly defined the skills and competencies required for each job and these are matched with individuals during the recruitment process and talent retention programs. Mapping has also been done for existing staff using scientific process and any gaps identified are filled using specifically designed programmes.

DECAL has incentive schemes which are tied to performance based on objectives set for individuals. Objectives are monitored monthly based on agreed key performance indicators.

The organization also took advantage on the low business during the post election violence to train its people through Diversey learning programmes in anticipation of the recovery of the economy.

Due to its unique competencies and resources DECAL has been able to export some of its staff to other area such as Diversey South Africa and in the Middle East. These include the current Vice President for Africa and Middle East, the current Financial Director, the Value Chain Director, the Warehouse Manager and the Accountant in Dubai.

4.4.3 Market Development

As a result of the loss of the EABL business DECAL was forced to move from its traditional business and broaden its customer base. This was achieved through the introduction of existing products into new markets such as Uganda, Tanzania, Rwanda, Burundi Ethiopia and DRC.

The company also used the same strategy to mitigate on the post election violence which occurred in 2008 by pushing for sales in different parts of Kenya and also focus more on the export business. This culminated into entry in markets such as Mauritius, Seychelles, Nigeria and French West Africa. Currently DECAL services a zone constituting of these countries.

4.4.4 Innovation/Product Differentiation

DECAL has put a lot of emphasis on innovative products as a source of sales and creating sustainable competitive advantage. For example DECAL was able to introduce products which were able to restore and maintain the integrity of beer and soda bottles. The products namely Divobrite Integra and Divobrite Antietch were so successful such that Coca-Cola entered into a partnership with Diversey not to sell the product to competition in return to guaranteed sales of up to two years. Through innovation DECAL has also been able to introduce products in pouches thus avoiding the extra packaging costs.

DECAL has continued coming up with cleaning solutions as opposed to products such as Project Protect for brand integrity for Pepsi and Coca-Cola thus have continued to take the leading role in competitive advantage and competitors are forced to use the imitation strategy. Competition was only able to come up with equivalent products two years later.

Although innovation has sometimes led to obsolescence in the past, the organization has ensured that the raw material phase out process is well managed to avoid ending up with obsolete raw materials.

In cases where raw materials are being phased out due to the fact that they are ecologically restricted and the performance of the product is compromised, DECAL offers holistic solutions. For example due to adjustment of the formulation for a product which was being used in laundries to remove rust, the focus was changed to avoiding the introduction of rust in the first place by eliminating the same through water treatment before it reaches the laundry. The other mitigation measure was to remove pipe works which easily rusted and replacing the same with PVC.

DECAL also embarked on sensitizing the customers about environmental sustainability and being able to protect the environment by getting rid of restricted raw materials. This became a strong selling point especially for customers who were environmentally conscious.

4.4.5 Global Sourcing (Suppliers)

To curb high raw material costs DECAL has tapped into long term global contracts, where prices are negotiated with suppliers globally so as to take advantage of economies of scale. DECAL has also reduced the number of its suppliers which has given the selected few high volumes and in the process they are able to give the organization better prices and improved reliability.

DECAL also has consignment stock arrangements with suppliers where stocks are held by these suppliers and only supplied to DECAL just when they are needed. This reduces the inventory costs such as warehousing and insurance. DECAL is then able to pass this cost reduction benefit to its customers and therefore be able to charge reasonable prices and sustain them in the long run.

4.4.6 Global Contracting (Customers)

Diversey Corporation has negotiated contracts with customers at a global level. Customers in specific countries are therefore bound by these global contracts. Such contracts include those with Novotel group of hotels, Hilton hotels, Coca-Cola and Pepsi. This provides local companies with leverage over competition including DECAL.

To ensure that customers are getting value propositions operations have been standardized throughout. For example products in the textile hygiene have been harmonized to ensure formulations used in laundries in South Africa are the same as those used in the similar market segment in Kenya. Some factories which produced similar products have been rationalized resulting to closure of some to capitalize on economies of scale.

4.4.7 Mergers and Acquisitions

DECAL has undergone a series of mergers and acquisition in order to create sustainable competitive advantage at a global level. Initially trading as Diversey Corporation, Diversey acquired Wyandotte to enhance its laundry business. Diversey was later acquired by Unilever to take advantage of the Diversey's strength in the industrial chemicals. Unilever then merged its Lever industrial division with Diversey resulting into the DiverseyLever name change although Unilever still retained some shares for them to stay on board till the year 2017.

Johnson Wax Professional then acquired DiverseyLever and the company changed its name to JohnsonDiversey. The recent development involved coming on board of Clayton Dubilier and Rice a strategic investment company which bought part of the Unilever shares. As a result the share holding changed to 50% for the Johnson family, 46% for Clayton Dubilier and Rice and 4% for Unilever. A decision was thus made to change the company's name back to Diversey.

4.4.8 Strategic Alliances

DECAL has gotten into strategic alliances to create sustainable competitive advantage. These include a strategic alliance with General Electric, the leading water management company globally, which helps DECAL to be able to offer total cleaning, hygiene and utilities management to key beer and soft drink customers.

For example through the strategic alliance with General Electric, DECAL has been able to offer industrial water treatment solutions to the boilers, cooling towers, pasteurizers, process and waste water for East African Breweries Limited.

DECAL has also gotten into a strategic alliance with SCA Hygiene on paper which includes hand paper towels, toilet paper and dispensers for the same and it is able to supply these products to customer segments it is already service mainly in the hotel and institutions business unit.

4.4.9 Cost Leadership

DECAL has come up with low cost products down packed to small pack sizes in 5 litres, 6X750ML, 2X1.2Kg (Rayol range of products) to service the market segment that are price sensitive and also positioned and also positioned them in the supermarket chains such as Nakumatt, Uchumi and Tuskys.

DECAL also employs bulk systems for its packaging such as transit tanks and reusable containers. This allows for customers to return these containers and thus avoiding packaging costs. DECAL also focuses on in use cost products as opposed to price per unit. This enables the organization to agree jointly with the customer on price increases.

4.4.10 Equipment Leasing

To mitigate on the reluctance of customers avoiding capital expenditure, DECAL has engaged in capital investment with high value customers with better returns and includes the planned expenditure into the budget.

DECAL also leases equipments to customers such as soap dispenser so long as these customers buy the organization's products. Other equipments under lease include foam cleaning equipments and floor care machines used in housekeeping.

4.4.11Management Systems

DECAL has also implemented management systems such as ISO 9001:2008 for Quality Management, ISO 140001:2004 for Environmental Management, OSHAS 18001 for Occupational Health and Safety and ISO 22000 for Food Safety. These have provided leverage on ensuring compliance to the local legislation and corporate social responsibility to its workers, environmental protection, safety of customers and consumers.

DECAL is therefore able to acquire and retain business from key customers such as EABL who insist that their suppliers should implement these systems, thus creating a sustainable competitive advantage. To ensure credibility of these systems and to get low cost auditing services DECAL uses Lloyds for audits a company contracted globally by the Diversey Corporation.

4.5 Discussion of Results

The result of this study are in support of Pearson and Robinson (2008) suggestion that other than managing the internal activities, the modern executive must also respond to the challenges posed by the firm's immediate and remote environment. It is evident from this study that DECAL has had to respond to changes in the environment and come up with strategies to be able to create a sustainable competitive advantage.

This study also supports the argument by Barney and Hesterly (2008) that any analysis of the threats and opportunities facing the firm must begin with an understanding of the general environment within which a firm operates. This general environment consists of broad trends in the context within which a firm operates that can have an impact on a firm's strategic choices. The general environment consists of six interrelated elements which are technological change, demographic trends, the economic climate, legal and political conditions and specific international events.

The study is also in line with the argument by Ansoff and Mc Donnell (1990) that a firm's performance is optimized when the aggressiveness of its strategic behavior matches environmental turbulence, the second condition being that the responsiveness of the firm's capability matches the aggressiveness of its strategy and thirdly, that the component of the firm's capability supports each other. This study has evidence that DECAL has responded to changes in the external environment with a force that is dependent on the strength of the charge and its own capabilities.

This study also supports the argument by Hitt et al (1997) that a sustainable competitive advantage is achieved when a firm implements a value-creating strategy that is grounded in their own unique resources, capabilities, and core competencies. These unique resources and capabilities of a firm's internal environment are the critical link to strategic competitiveness. The further argued that firms achieve strategic competitiveness and earn above-average returns when unique competencies are leveraged effectively to take advantage of the opportunity of the external environment.

The results of this study can easily be compared with similar studies done to determine how different organizations have adopted strategies to react to changes in the environment in order to create a sustainable competitive advantage. These studies include those done by Dulo (2006) who studied the sources of competitive advantage & the performance of firms in the Kenya sugar industry, Ndungu (2006) who studied sustaining a competitive advantage at British Airways World Cargo, Kenya and Njoroge (2006) who studied building competitive advantage through diversification at KENOL/KOBIL Oil Corporation.

CHAPTER 5 SUMMARY, CONCLUSION AN RECOMMENDATIONS

5.1 Summary of findings

This study set out to determine what strategies DECAL has put in place to create sustainable competitive advantage and the challenges DECAL has faced while in pursuit to creating sustainable competitive advantage. This study made use of both primary and secondary data.

5.1.1 Challenges faced by DECAL in the External Environment

The study further established that the following variables in the external environment informed DECAL to come up which the strategies below in order to create a sustainable competitive advantage. The key variable in the political legal environment had been the uncertainties created by the post election violence that happened in 2008. The other legal variable which had affected DECAL was the non tariffs barriers with Tanzania.

Obsolescence as a result of innovation played a major role in the technological front. In the economic environment the main variables included high interest rates, inflation, and availability of credit and cost of production. In the ecological environment challenges at a global level have been restriction of raw materials which have a significant impact on the ecological set up.

There has been very little impact to DECAL due to social-cultural environment since most customers are industries as opposed to individual consumers and customers. However the security situation in the region due to piracy in Somalia has affected the cost of production due to the high shipping cost.

Other challenges included those related to competitive pressures due to low barriers of entry in the detergent industry resulting in competition entry. The other challenge was due to importation of cheap and low quality raw materials from countries like China which competition was able to use.

5.1.2 Strategies used to Create Sustainable Competitive Advantage

The study established that in coming up with strategies the country leadership team was able to consider changes in the external environment that exerted significant pressures. These strategies also including looking internally to ensure that the organization is able to cope with these external variables.

This study established that DECAL had strategies to address these environmental changes to create sustainable competitive advantage which included innovation, resource provision, market development, global sourcing, global contracting, mergers and acquisition, strategic alliance, cost leadership and value chain analysis.

DECAL sales have had an upward trend of between 15-20% for the last 5 years. The turnover has more than doubled between 2006 and 2010 with annual sales of Kshs. 400M in 2006 and Sales of Kshs. 1 Billion in 2010. This study was able to establish through the CEO that DECAL continues to be a market leader since the current sales for Ecolab who is its closed competitor has estimated sales of Kshs. 300M. The relative market share for DECAL is greater than 3 which clearly surpass that of greater than 2 which is required for an organization to be the market leader.

5.2 Conclusion

DECAL had employed strategies in order to cope with environmental changes. Some of these strategies are in line with the grand strategies suggested by Pearce and Robson (2008) some which were market development, innovation, joint venture. The other strategies such as cost leadership and differentiation are in line with those suggested by Porter (1985).

It quite clear from the study the DECAL has been able to create sustainable competitive advantage and clearly the market leader. DECAL has been able to this by responding to the changes in the environment by utilizing its internal capabilities.

This is in line with the resource based view that a firm's resources and capabilities are valuable when they enable it to exploit external opportunities or neutralize external threats (Barney and Hesterly, 2008). Such valuable resources are a firm's strength. Using valuable resources to exploit external opportunities or neutralize external threats will have the effect of increasing the firm's net revenue or decreasing its net costs.

5.3 Recommendations

DECAL has been very successful in the strategies it has used to create sustainable competitive advantage and thus become a market leader in the industrial chemical industry. However DECAL needs to hasten the process of moving into the global system for enterprise resource planning. Currently DECAL is using Sage Platinum which has to be tailor made to some processes and has other challenges which include capacity issues, performance especially when many users have to use it concurrently and lack of local support since the company has to rely on engineers from the USA.

This will help in the global standards requirements where the global company requires integrating programs such as training for the staff in DECAL. The global corporation will also be able to understand the challenges being faced because they will be operating on the same platform with the local company.

5.4 Limitation of the Study

The findings of this research were limited due some factors which arose while undertaking the study. The biggest challenge was due to the fact that DECAL is a private company but public reporting and so it is not listed in the Nairobi Stock Exchange. Information on sales and market share could only be obtained from the country leadership and it was not possible to verify the same from independent sources.

Some managers were also not available for interviews due to their busy schedule. The time available for this study was also limited and especially in data collection using the interview method. This study only involved managers and other stakeholders were not consulted limiting it to the information availed by them.

5.5 Suggestion for Further Study

This study focused on DECAL's strategies it has used to create sustainable competitive in response to environmental changes. However these changes affect all companies in a particular industry and sometimes all companies in a given geographical market. In order to understand strategies possible for these environmental changes, further studies are required in other companies in the industry to get a holistic overview.

Different companies respond to environmental changes in their own ways. DECAL was able to use the strategies identified in this study. However there might be need to gain a full understanding why DECAL chose these strategies by conducting a further study and to establish if there are other strategies DECAL could have used.

Since the environment is ever changing further studies could be done to establish how DECAL can alter these strategies so as to respond to these environmental changes in future

REFERENCES

Ansoff, I. (1984). *Implanting strategic management*. London: Prentice-Hall.

Ansoff, I. and McDonnell, E. (1990*). Implanting strategic management.* Englewood Cliffs, NJ: Prentice-Hall.

Awuor A.M. (2006). *Strategies employed by KTB to establish a sustainable competitive advantage for Kenya as a tourist destination*. Unpublished MBA project, School of Business, University of Nairobi.

Barney, J.B. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17, 99-120.*

Barney J.B. (1995). Looking inside for competitive advantage. *Academy of Management Executives IX, 4, 56.*

Barney J.B and Hesterly W.S. (2008). *Strategic management and competitive advantage: Concepts,* Prentice Hall India Pvt

Chandler, A. (1962). *Strategy and structure: Chapters in the history of American industrial enterprises*. Massachusetts: Cambridge MIT Press.

Collis, D. and Montgomery, C. (1995). Competing on resources: Strategy in the 1990s. *Harvard Business Review 73 (4), 118-128.*

Cooper, D. and Schindler P. (2007). *Business research methods.* Tata McGraw Hill, New Delhi, India.

D' Aveni, R. (1995). Coping with hypercompetition: Utilizing the 7Cs framework. *Academy of Management Executive IX, 3, 54.*

Dulo, G. (2006). *The Sources of competitive advantage and the performance of firms in the Kenya sugar industry*. Unpublished MBA project, School of Business, University of Nairobi.

Government of Kenya (2005). *Economic survey*

Government of Kenya (2010). *Economic survey*

Grant, R. (1991). The Resource-Based theory of competitive advantage: Implication for strategy formulation. *California Management Review, 33 (Spring), 114-135.*

Johnson, G., Scholes, K. and Whittington R. (2006). *Exploring corporate strategy: Text and cases.* FT Prentice Hall, Financial Times.

Hitt, M., Ireland, D. and Hoskisson (1997). *Strategic management: Competitiveness and globalization.* West Publishing Company.

Kenya Association of Manufacturers (2006). *A survey of Kenya's manufacturing sector – 2006*

Kothari, C.R. (1990). *Research methodology: Methods and techniques.* New Delhi: Wishwa Prakshan.

Lado, A., Boyd, N. and Wright, P. (1992). A competency based model of sustainable competitive advantage: Towards a conceptual integration. *Journal of Management, 18, 77-91.*

Meyer, A. (1991). What is strategy's distinctive competence? *Journal of Management, 17, 821-833.*

Mintzberg, H., Quinn, J.B. and Ghoshal, S. (1998). *The strategy process.* London: Prentice Hall.

Mugenda, O. and Mugenda, A. (2003*). Research methods: Qualitative & quantitative approaches.* African Centre for Technology Studies (ACTS Press), Nairobi, Kenya.

Muthike, P. (2009). *Strategic responses by Acacia Medical Centre Limited to changes in the external environment.* Unpublished MBA project, School of Business, University of Nairobi.

Nachmias, C.F. and Nachmias, D. (1996). *Research methods in the social sciences.* Edward Arnold Inc.

Ndungu, M. (2006). *Sustaining a competitive advantage at British Airways World Cargo – Kenya.* Unpublished MBA project, School of Business, University of Nairobi.

Njoroge, I. (2006*). Building competitive advantage through diversification: A case study of Kenol/Kobil Oil Corporation.* Unpublished MBA project, School of Business, University of Nairobi.

Omwenga, B. (2007). *Kenya's competitiveness in the floriculture industry: A test of Porter's competitive advantage of nation's model.* Unpublished MBA project, School of Business, University of Nairobi.

Pearce, J. and Robinson R. (2008). *Strategic management: Formulation, implementation & control.* Tata McGraw Hill, New Delhi, India.

Porter, M.E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors.* Free Press.

Porter, M.E. (1985). *Competitive advantage: Creating and sustaining superior performance.* Free Press.

Rumelt, R. (1991). How much does industry matter? *Strategic Management Journal, 12, 167-185*

Saunders, M., Lewis P. and Thornhill, A. (2009). *Research methods for business students.* F.T. Prentice Hall.

Schendel, D. (1994). Introduction to the summer 1994 special issue – Strategy: Search for new paradigms*, Strategic Management Journal, 15(Special summer issue), 1-3*

Seth, A. and Thomas, H. (1994). Theories of the firm: Implication of strategic research. *Journal of Management Studies, 31, 165-191.*

Shrivastava, P. (1995). Ecocentric management for risk society. *Academy of Management Review, 20, 119.*

Thompson, A., Strickland A. and Gamble, J. (2010). *Crafting and executing strategy*. McGraw Hill International Edition.

APPENDICES

APPENDIX 1: INTRODUCTION LETTER

Paul Mwasaru Mwazumbo,
School of Business,
University of Nairobi,
P.O Box 30197,
Nairobi.

Dear Sir/Madam,

I am a Masters student at the University of Nairobi, School of Business. In partial fulfillment of the requirements for the Master of Business Administration (MBA), I am conducting a case study on creating sustainable competitive advantage at Diversey Eastern and Central Africa Limited.

I am glad to inform you that you have been selected to form part of the study. I would therefore kindly request you for assistance in completing the attached questionnaire which forms a major input of the research process. The information and data will be strictly be used for academic purposes only and strict confidence shall be observed on the same.

You cooperation will go a long way in ensuring success of this project.

I would like to thank you in advance for your time.

Yours Sincerely,

Paul Mwasaru Mwazumbo (D61/70220/2007)	Professor E. Aosa
Mobile 0722-353739	Supervisor
M.B.A. Student- Researcher	University of Nairobi
University of Nairobi	

APPENDIX 2: INTERVIEW GUIDE

1. Does your organization have a strategic plan and how often is it reviewed?

2. At what level of the organization are strategies made?

3. How have these strategies been employed?

4. What have been the trends in sales growth in the last 5 years?

5. What have been the turnovers for the company for the last 10 years?

6. To what extent have changes in the political/legal and social factors affected your organization?

    6.1. How has the organization addressed these changes to create a sustainable competitive advantage?

7. How have changes in the economic factors affected the organization?

    7.1. How has the organization addressed these changes to create sustainable competitive advantage?

8. How have technological changes such as obsolescence, innovation and raw materials use regulations and availability affected your organization?

    8.1. How has the organization addressed such technological changes?

9. To what extent have ecological changes such as EIA/EAs, Air quality regulations, Water quality regulations, Waste Management regulations, Controlled substances regulations and Noise and excessive vibration regulations affected your organization?

   9.1. How has the organization addressed these to create a sustainable competitive advantage?

10. To what extent have the following competitive pressures affected your organization? Threat of entry, threat of substitutes, rivalry from competitors, bargaining power of suppliers and buyers.

    10.1. How has the organization addressed the above to create a sustainable competitive advantage?

11. Has the organization been involved in formulating grand strategies such as value chain analysis, diversification, integration, turnaround and joint ventures e.g. through strategic alliance and mergers and acquisition in the last 10 years? Please give details.

Thank you for your participation.