COMPETITIVE STRATEGIES AND SUSTAINABLE COMPETITIVE ADVANTAGE AT THE PACT INCORPORATION

BY

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DECLARATION

This research project is my original work and has not been submitted for a degree course in this, or any other university.

Signature…………………………… Date…………………………………….

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

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DEDICATION

To my family and in particular my lovely wife Monicah Muthwii for her support and encouragement, to my children Samatha and Shanessa for giving me the reason to study and work hard.

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The successful completion of this MBA programme has been as a result of the support from God, His grace was sufficient all through, Glory and Honor to him.

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MAY THE ALMIGHTY GOD BLESS YOU ALL!

ABSTRACT

The primary purpose of the study was to investigate on competitive strategies and sustainable competitive advantage at the Pact Incorporation with specific objectives being to determine the competitive strategies adopted by Pact Incorporation Kenya to achieve sustainable competitive advantage and to identify the factors that influence development of competitive strategies at Pact Incorporation Kenya. Competitive strategy is a management discipline, which focuses on the organization's mission, searches for unique opportunities, determines whether they fit the organization's strategic direction, defines the measures for success, and continually reassesses opportunities. Pact Incorporation has undergone through eras of evolution and business development as an NGO operating in an extremely competitive market. The study also revealed that resource based view theory contributes a lot in strategy formulation as evidenced by the many different strategies that have been implemented in the banking industry such as mergers and acquisitions, initial public offers, branding and restructuring. The research design used was a case study since it is a one unit of analysis. The study used interview guide to collect primary data. Interview guide was used to interview Country director, public relation director, Finance director, Human resource director, Human rights program manager, M & E manager, Peace building program manager, Research/Capacity Building manager, Awareness Rising/Advocacy manager, Natural resource program, Grants manager and Finance manager. The qualitative data was done using content analysis. The study found that competitive forces and the context within which a company operates, choice of strategy can indeed seem like a search for a myriad forces pushing and pulling an organization to change and little by way of established principles to determine what the choice should be. However, the choice of strategy is fundamental to a company for a number of reasons. The study also found that Pact Incorporation adopts a number of competitive strategies. For instance, it is clear that formation of strategic partnership and collaboration with specific NGOs, relevant Government Authorities and private sector institutions is a key strategy used by Pact Incorporation. The study recommends further research on long term strategies that NGOs can implement to remain competitive and grow in the industry. This is because change in technology, easing of regulations, globalisation and change in customer rights is changing the dynamics of the sector and therefore creating more threats. There is need for initiatives to be taken for us to create a sustained and stable competitive strategy and for regional demand to be able to adjust to foreign technologies needed in the industry. From the study there is need for competitive advantage as an entry strategy for competitive strategies in NGO.

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LIST OF ACRONYMS AND ABBREVIATION

CA	Competitive Strategies
DFID	Department for International Development
MDGs	Millennium Development Goals
NGOs	Non-governmental organizations
NSE	Nairobi Securities Exchange
RBV	Resource Based View
SCA	Sustainable Competitive Advantage
UN	United Nations
USAID	United States Agency for International Development

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 1998). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Prahalad and Hamel, (1990), define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. Sources of competitive strategies include high quality products, superior customer service and achieving lower costs than its rivals. Ccompetitive strategy is always founded on consistently understanding and predicting changing market conditions and customer needs and service. The goal of much of business strategy is to achieve a sustainable competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), cost leadership, or deliver benefits that exceed those of competing products (differentiation advantage). Today's dynamic markets and technologies have called into question the sustainability of competitive advantage. Under pressure to improve productivity, quality, and speed, managers have embraced tools such as TQM, benchmarking, and reengineering (Shapiro, 1989).

The study is guided by Resource Based View (RBV) of the firm. There is strong evidence that supports the RBV which indicates that firms compete in an ever changing business environment. Organizations can attain and achieve a sustained competitive advantage through their employees according to Barney (1991). This can be realized when a firm has a human resource pool that cannot be imitated or substituted by its rivals or competitors. The RBV as a basis of competitive advantage lies primarily in the application of the bundle of valuable resources at the disposal of the firm. The firm has to identify the key potential resources which should fulfill the criteria of being valuable, rare, in-imitable and non-substitutable by the firms' competitors (Galbreath, 2005). It is of key importance to focus on different industry contexts to further advance this emerging area of research. In many industries, changing the entire resource base in response to external changes is simply unrealistic. At the same time, ignoring external change altogether is not an alternative. Senior managers are therefore forced to engage with the complex task of dynamic capability building in order to facilitate competitive survival in the light of depreciating value of resource bases available within the firm. Barney (1991) describe two features of a strategic resource that enhance inimitability and that characterize High Performance Work Systems (HPWS), these are, path dependency and causal ambiguity. Path dependency characterizes resources that are developed over time such that learning and experience provide cumulative "first mover" advantage.

Today, Pact Incorporation has evolved to meet the changing needs of its clientele, providing the difficult and challenging functions of determining eligibility for services, linking people with the help they require, and assisting them in assuring their on-going satisfaction with their services. Pact Incorporation maintains a professional and knowledgeable staff in order to effectively address the needs of the people they serve. Pact Incorporation has employed more than 4500 employees in all the countries they operate.

With the high level of operations as compounded by numerous number of clients and large human resource base, Pact In requires competitive strategies to achieve the desired sustainable competitive advantage.

1.1.1 Competitive Strategies (CA)

Competitive strategy is a management discipline, which focuses on the organization's mission, searches for unique opportunities, determines whether they fit the organization's strategic direction, defines the measures for success, and continually reassesses opportunities (Gaynor, 2002). The term competitive strategies refer to both radical and incremental changes in thinking, things, and processes or in services (McAdam and McClelland, 2002). In many fields, something new must be substantially different to be innovative, not an insignificant change, in the arts, economics, business and government policy. In economics, the change must increase value, customer value, or producer value. The goal of competitive strategies is positive change, to make someone or something better. Competitive strategies leading to increased productivity is the fundamental source of increasing wealth in an economy. Competitive strategy provides a clear direction and focuses the effort of the entire organization on a common competitive strategies goal. Management needs to develop the strategy and communicate the role of competitive strategies within a company, decide how to use technology and drive performance improvements through the use of appropriate performance indicators. Oke, (2002), suggested that the first step in formulating a competitive strategy is to define what competitive strategies means to the firm or the areas of focus in terms of competitive strategies. By understanding the drivers of competitive strategies needs, a firm can develop its focus areas for competitive strategies.

Most economic texts classify competition as consisting of four key forms namely; pure or perfect competition, monopolistic or imperfect competition, oligopolistic competition and monopolies (Reynolds, 2005). Pure competition and pure monopoly environments are the more extreme forms of competition but rarely occur in the real world (Reynolds, 2005). A pure monopoly is characterized by a single seller who controls the supply of a good or service and prevents other businesses from entering the field (Reynolds, 2005). According to Afuah, (1998), pure competition exists when a large number of sellers produce a certain type of product or service that is slightly differentiated. These sellers have low barriers of entry into the market and easily enter or leave it as they choose. No attempt is made in this study to further expound on these extreme forms of competition as it is believed that they present a hypothetical market structure (Clayton, 2010). For this reason, focus is accorded mainly to the imperfect forms of competition, namely; oligopolistic and monopolistic competition.

The importance of having a clearly defined new product/service strategy guiding the innovation process was recognized by (Afuah, 1998). Innovation strategy provides a clear direction and focuses the effort of the entire organization on a common innovation goal. Oke, (2004) suggested that the first step in formulating an innovation strategy is to define what innovation means to the firm or the areas of focus in terms of innovation. By understanding the drivers of innovation needs, a firm can develop its focus areas for innovation. Kuczmarski & Associates, (1994) suggested that more successful firms had more tangible and visible signs of management commitment to new product development especially in terms of providing adequate funding and resources, than less successful firms. A Mercer Management Consulting, (1994) study also reveals that the management of high performing companies was visibly and tangibly committed to new product development and explicitly formulated and communicated the firm's new product development strategy.

1.1.2 Sustainable Competitive Advantage (SCA)

Sustainable competitive advantage is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Altenburg, Schmitz & Stamm, 2006). It is the prolonged benefit of implementing some unique value creating strategy based on the unique combination of internal organizational resources and capabilities that cannot be replicated by competitors. For organizations, this entails the procurement of required resources and operating in the context of the sustainability standards and duties from a proactive perspective. It is the advantage that enables the business to survive against its competition over a long period of time.

According to Damanpour, (1996), a company has sustainable competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Gaynor, (2002), defines a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will, perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for.

Porter (2004) argues that in order to attain sustainable competitive advantage in an industry, it is critical to understand the process of its evolution in order to be able to predict change and strategically react to this change. He suggests that his model developed with help from Miller (Porter and Miller, 1985) of structural analysis of industries be used as a framework for this. By combining this with the product life cycle model (Kotler, 1972) as referenced by Porter, 2004) one may be adequately able to analyze and forecast the evolution of any industry. Porter (2004) identifies evolutionary forces such as changes in buyer's segments served, diffusion of proprietary knowledge, accumulation of experience, product innovation, process innovation, structural change in adjacent industries and government policy change. Johnson and Scholes (2006) site three key methods of sustaining competitive advantage, namely; by collaborating with competitors, through lock-in strategies, by repositioning a firm's competitive strategy over time and by attempting to anticipate competitor moves using RBV model.

1.1.3 The NGOs in Kenya

Non-governmental organizations (NGOs) are legally constituted corporations created by natural or legal people that operate independently from any form of government. The term originated from the United Nations, and normally refers to organizations that are not a part of a government and are not conventional for-profit businesses. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organization. In the United States, NGOs are typically nonprofit organizations. The term is usually applied only to organizations that pursue wider social aims that have political aspects, but are not openly political organizations such as political parties (Lawry, 2009).

The main challenges facing NGOs according to D'Aveni, and Bowman (1995), NGOs have not so far done much in connection with looking into ways in which they can jointly work together among themselves in dealing with common goals and objectives. Majority of NGOs programs still seem also to be donor skewed and relief oriented and its approaches and strategies have are that, the organization so far yielded very few fruits. A lot of changes have come up in the process of globalization and integration with a couple of issues emerging like environmental degradation and global food insecurity affecting many development efforts. These emerging issues are calling for states and none state actors including NGOs to re-think their policies and approaches in order to remain relevant to global problems and challenges. With majority of the NGOs taking a passive stance on political governance matters, many are beginning to rise to realization that this is not avoidable as it directly affects their success. Based on the research findings, NGOs are doing commendable work in reducing human suffering in Kenya and other parts of the world but they can be more efficient and effective than they are. There is evidently need for them to look into means of developing strategies that will result in common / joint regional and international efforts towards attaining common goals as it is the case for MDGs. NGOs need also to be more cautious of the issues that are emerging day after day affecting poverty alleviation efforts.

Over 60% NGOs in Kenya are still focusing upon what some refer to the 'hardware' approach to development, i.e. the building of infrastructure and the provision of services; rather than what some refer to as the 'software' approach of empowering people and local institutions to manage their own affairs. Other NGOs seem unaware of changes in the role of government, the changing Aid paradigm, and the effectiveness of a "right's based" rather than "welfare" approach. There is a lack of sustainability and ownership of development interventions by communities. Some communities have been spoilt by dependency creating interventions and are not inclined to do things for themselves. It is difficult to keep our programmes relevant to changing situations and the culture of handouts is hard to counter (Lewis, 2007).

Therefore, NGOs have an almost unavoidable need to change and adapt to an environment that is practically in continuous transformation. To gain a competitive edge, they need to be innovative in their modes of operations. Intense competition for resources from donors and market saturation are forcing Kenyan NGOs to look for new revenue streams by diversifying their programs and services offerings to the community they are operating by focusing on emerging natural calamities affecting social and economy growth of developing countries. There have been a lot of strategic moves such as rebranding, opening of new operational offices, and focusing attention to the new programs and request of proposals advertised by donors. Many of the NGOs are now hiring resource mobilization officers and expatriates in different fields of platforms they run to uplift people's living standards and eliminate poverty in the world (Ekvall, 2011).

1.1.4 The Pact Incorporation

The Pact Incorporation is an International NGO with an office in Kenya among several other offices across the world, which enables systematic solutions that allow those who are poor and marginalized to earn a dignified living, be healthy and take part in the benefits that nature provides. Pact Incorporation accomplishes this by strengthening local capacity, forging effective governance systems and transforming markets into a force for development.

Pact’s goal is to build empowered communities, effective governments and responsible private institutions that give people an opportunity for a better life. This is done by strengthening the capacity of organizations and institutions to be good service providers, represent their stakeholders, network with others for learning and knowledge sharing, and advocate for social, economic and environmental justice. Pact Incorporation assists more than 12000 organizations in 59 countries around the world; those groups in turn reach millions more with vital assistance, partnering with people to improve their lives and build their own capacity to transform their world to increase the ability of local communities to plan and manage activities that build peace; to increase the ability of local organizations to assist communities in implementing peace building plans; and to increase the ability of civil society and faith-based networks in building, consolidating and safeguarding peace.

Pact Incorporation has partnered with the Government of Kenya, International donor agencies such as USAID, DFID, and the UN. The benefits of these programs is aimed at reducing poverty for people earning less than a dollar per day, enable communities to live in peace and harmony, eliminating corruption in the public offices and government agencies and more importantly enabled the NGO to lock this high valued corporate social responsibility. Nonetheless, as an NGO the organization has been faced with the challenge of fashioning unique solutions to problems affecting people in Kenya by introducing programs in areas of Peace building and conflict management, democracy and governance, Health and Agriculture. For the partnership to be sustainable, the organization need to devise competitive strategy that would continuously keep its advantage uncompromised over other NGOs.

1.2 Research Problem

To succeed in the long run, organizations must compete effectively and out-perform their rivals in a dynamic environment (Galliers & Leidner, 2006). To accomplish this they must find a suitable ways for creating and adding value for their customers. Strategic management is a highly important element of organizational success. The need to know what the business is about, what it is trying to achieve and which way it is headed, is a very basic requirement determining the effectiveness of every member's contribution. Every successful organization has this business self –awareness and seems to have a clarity of vision, even though it does not arise from a formal planning process (Gerstenfield and Wortzel, 2007).

Pact Incorporation has undergone through eras of evolution and business development as an NGO operating in an extremely competitive market. The NGO has adopted the enhanced human resources management and market positioning strategies in responding to external environment. In the NGOs sector, donor and stake holders preferences are ever changing and the technologies for serving customer requirement are continually evolving thus NGOs must establish capabilities for continuing streams of competitive strategies. The NGOs sector demands for continuous development and implementation of competitive strategies. This is the rationale that motivates Pact Incorporation Kenya in its pursuit to conquer the market amid the ever changing environment.

Locally, studies on competitive strategies have been conducted. Odhiambo, (2008) did a survey of competitive strategies at the Standard Chartered Bank (Kenya) Limited. Gitonga, (2003) carried out a research on strategic processes and the perceived role of the CEO in the NGOs sector. Mwangi (2007) conducted an investigation on factors influencing financial competitive strategies in Kenya’s securities market which was a study of firms listed at the NSE, while Kihumba, (2008) investigated the determinants of financial competitive strategies and its effects on NGOs performance in Kenya. The finding for the local studies were; the studies revealed that strategies are positively correlated to sustainable competitive advantage. Organisation strategies are therefore important for its sustainability. The study also revealed that resource based view theory contributes a lot in strategy formulation as evidenced by the many different strategies that have been implemented in the banking industry such as mergers and acquisitions, initial public offers, branding and restructuring. The study found that relationship management contributes to sustainability strategies of organisation followed by strategic financial management then income diversification while own income generation contributed the least to financial sustainability of nongovernmental organizations. No studies on the competitive strategies and sustainable competitive advantage at Pact Incorporation Kenya have been done. This is despite the increased rate of competitive strategies being adopted each and every day to ensure sustained competitiveness in the current drastic and changing NGOs sector. It is in this light that the researcher aims to answer the following research question: - what competitive strategies has Pact Incorporation Kenya employed for sustainable competitive advantage?

1.3 Research Objectives

The objectives of this study were:

i. To determine the competitive strategies adopted by Pact Incorporation Kenya to achieve sustainable competitive advantage

ii. To identify the factors that influence development of competitive strategies at Pact Incorporation Kenya

1.4 Value of the Study

The study is invaluable to several stakeholders in the NGOs sector including the management of NGOs, the policy makers as well as the scholars. The management of commercial NGOs in Kenya will find the results of this study intriguing as a source of information on what competitive strategies are applied in the market and what they need to do in order to be competitive in the market. The immediate beneficiary of this research will be the Pact Incorporation where the researcher will be getting information from and therefore any recommendation made by the researcher will be directly addressing issues that affect the NGO.

The policy makers will obtain knowledge of the industry dynamics and the responses that are appropriate and specific for Pact Incorporation; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector. The study will provide information to potential and current scholars on strategic management. This will expand their knowledge on competitive strategies and also identify areas of further study. Moreover, the researcher and other academicians will be in apposition to comprehend the concept of Competitive strategies more so in the context of the NGOs sector for competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses the theoretical and conceptual framework of the study. Major areas discussed include the theoretical bases on competitive strategy and sustainable competitive advantage; the concept of competitive strategies and sustainable competitive advantage and the factors influencing sustainable competitive advantage.

2.2 Theoretical Foundation of the Study

This study is based on the resource-based view (RBV) as the basis for the sustainable competitive advantage which lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Barney, 1991). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort. If these conditions hold, the bundle of resources can sustain the firm's above average returns.

According to this theory, a competitive advantage can be attained if the current strategy is value-creating, and not currently being implemented by present or possible future competitors. Although a competitive advantage has the ability to become sustained, this is not necessarily the case. A competing firm can enter the market with a resource that has the ability to invalidate the prior firm's competitive advantage, which results in reduced (read: normal) rents (Barney, 1991). Sustainability in the context of a sustainable competitive advantage is independent with regard to the time frame. Rather, a competitive advantage is sustainable when the efforts by competitors to render the competitive advantage redundant have ceased. When the imitative actions have come to an end without disrupting the firm's competitive advantage, the firm's strategy can be called sustainable. This is in contrast to views of others (e.g., Porter) that a competitive advantage is sustained when it provides above-average returns in the long run. (1985).

Resource Based View perspective stresses that the resources of the company whether tangible or intangible like Brand name, assets, cash, customer loyalty, R&D capabilities are an important firm resources that hold the potential for sustained competitive advantage (Barney, (1991). An organization which is serious about competing in the fast changing markets and technology must make things happen, it must innovate. If it does not innovate, it risks being overtaken by competitors. Sometimes a business underestimates the competitive challenges it faces. The risk of this happening is high when competitors react to potential challenges in much the same way. Since most NGOs offer similar products and services, they continually search for a competitive advantage that will attract new donors and retain the existing ones for their programs, In this regard much emphasis have been placed on building innovative organizations and the management of the strategic process, as essential elements of organizational survival (Brown, 2010). Competitive strategies can be transformational, radical or incremental depending on the effect and nature of the change. Afuah (1998) suggests that competitive strategies do not have to be breakthroughs or paradigm shifting;

Firms, according to the resource-based approach, compete according to their different capabilities. Strategies to cope with a changing competitive environment are associated with the firm's capabilities. The resource based theory argues that competitive advantages lie in the heterogeneous firm specific resources possessed by the firm (Rumelt, 1984, Montgomery and Wernerfelt, 2008). The ability to be competitive is increasingly viewed as the single most important factor in developing and sustaining competitive advantage (Tidd, 2006). It is no longer adequate to do things better, it's about "doing new and better things" (Slater and Narver, 1995). The resource based view is applicable in this study since it explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier

2.3 Need for Competitive Strategies

The importance of having a clearly defined new competitive strategy guiding the strategic process was recognized by Griffin (2010) and Cooper et al. (2003). Competitive strategy provides a clear direction and focuses the effort of the entire organization on a common competitive strategies goal. The competitive strategy needs to specify how the importance of competitive strategies will be communicated to employees to achieve their buy-in and must explicitly reflect the importance that management places on competitive strategies (Clayton, 2010). Sustainable competitive advantage is not bound only to the physical environment. It includes different perspectives from society and environment, to the economy and organizational processes. As Kim and Mauborgne (2011) mentions, sustainable competitive advantage has three main pillars which organizations should contribute to their improvement; they include economic, environmental and social performance. Maintaining a competitive advantage requires a strategy that makes the business unique and carries the company forward as the world around it changes.

The process of development of competitive strategy at the firm level depends upon a number of interrelated factors which range across all sections of a firm and is strongly influenced by interplay of many components in the firm's external environment. According to Weerawardena (2006), the sources of firm's strategic process can be attributed to the firms' entrepreneurship; market focused learning capability and organizational learning intensity. These factors also define the firm's sustainable competitive advantage. While the importance of defensive strategies in protecting and exploiting existing resource strengths cannot be underestimated, securing the long term future of an organization must consider how to derive unique areas of value added in the future Ekvall, (2011). For this purpose sustainability has to assume a different meaning which points itself towards penetrability, for example, in terms of new breakthroughs. This is because the speed at which the uniqueness of the resources of an organization becomes accessible dictates the speed at which the competitive advantage of an organization diminishes. In fast-moving competitive environments, sustaining competitive advantage involves creating safe-havens from cutthroat competition by continuously creating gaps through unique resources that cannot be easily bridged by the competitors (Kao, (1991).

The firm's specific characteristics are most important determinants that explicitly influence the competitive strategies behavior. These are combination of factors including firm's contextual variables, managerial and employment structures, organizational structure, technological infrastructure and staff skill development (Mansfield, 2002). Entrepreneurship was taken as a firm behavior in which the firm displays competitiveness, proactiveness and risk taking propensity in their strategic decision making. The Entrepreneurial firm is generally distinguished in its ability to be competitive, initiate change, and rapidly react to change flexibly (Naman and Slevin, 1993).

Learning from market changes has emerged as a key source of competitive strategies and firm performance particularly in the market driven firm perspective (Slater and Narver, 1995). This approach argues that to be effective innovators, organizations should constantly scan the horizons for new opportunities to satisfy their customers. Generating innovative ideas through collection and dissemination of market information is a starting point for competitive strategies. Knowledge of market preferences reduces the degree of incompatibility of new products with the customer's needs; it is likely to enhance adoption and success of competitive strategies (Cooper and Kleinschmidt, 1987). Firm's environmental conditions indirectly influence competitive strategy effect of government policies, the role of financial systems and initiatives cultivating innovative activities.

The firm's external networking configuration can also influence competitive strategy of the firm. The network consists of firm's technological relationships including technological collaborations, technology transfer relationships and technical feedback with other firms, customers and agents (Kelly and Brooks, 2008).

2.4 Competitive Strategies for Sustainable Competitive Advantage

The competitive strategies adopted by a firm result in a sustainable competitive advantage. According to Shapiro (1989) competitive strategy encompasses wide variety of strategic and tactical decision making, from pricing of products to investment in production and distribution facilities to contracting practices with customers and input suppliers to research and development expenditures. Competitive advantage grows from value that a firm is able to create for the buyer that exceeds the firm's cost of creating it. The goal of competitive strategy for a business is to find a position in the industry where the firm can best defend itself against competitive forces or can influence them in its favour. An effective competitive strategy takes either offensive or defensive action in order to create a defendable position against the five forces and thereby yield a superior return on the firm (Kathura et al, 2007). A strategy needs to be fluid as the competition will most likely adapt to the most successful company in your industry, so will the strategy need to change in order to meet this adaptation (Marren, 2010).

Differentiation strategy aims to build up sustainable competitive advantage by offering unique products which are characterized by valuable features, such as quality, innovation, and customer service. A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. As Baum and

Oliver, (1992) notes, to maintain this strategy the firm should have: strong research and development skills, strong product engineering skills, strong creativity skills, good cooperation with distribution channels, strong marketing skills, and incentives based largely on subjective measures, be able to communicate the importance of the differentiating product characteristics, stress continuous improvement and innovation and attract highly skilled, creative people

Lower cost strategy leads to sustainable competitive advantage to a section of the market segments with basic services offered to 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).

For an effective cost leadership strategy, a firm must have a large market share leading to sustainable competitive advantage (Hyatt, 2001). There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, product design, input cost, capacity utilization of resources, and access to raw materials (Malburg, 2000). Porter (1985) purports only one firm in an industry can be the cost leader and if this is the only difference between a firm and competitors, the best strategic choice is the low cost leadership role (Malburg, 2000). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1996). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Malburg, 2000). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). Lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, product designs reducing manufacturing time and costs, and reengineering activities.

2.5 Factors that influence Development of Competitive Strategies

Factors that influence that occur during the development process of competitive strategies is an important area of research because even the best strategies would be ineffective if not well implemented. Despite the fact that challenges to successful strategy implementation have not been widely investigated, there are some issues that have surfaced in many studies (Muthuiya, 2004). The most common challenges to competitive strategy implementation as discussed below;

Resource insufficiency is a common strategy implementation challenge. This is as a result of lack of resources which include financial and human or indivisibility of resources. Established organizations may experience changes in the business environment that can make a large part of their resource base redundant resources, which may be unable to free sufficient funds to invest in the new resources that are needed and their cost base will be too high (Johnson and Scholes, 2002).

Changes do not implement themselves and it is only people that make them happen (Bryson, 2005). Selecting people for the key positions by putting a strong management team with the right personal chemistry and mix of skills is one of the first strategy implementation steps (Thompson and Strickland, 1997). They point out that assembling a capable team is one of the cornerstones of the organization-building task. Strategy implementation must determine the kind of core management team they need to execute the strategy and then find the right people to fill each slot. Staffing issues can involve new people with skills (Hunger and Wheelen, 2005).

Awino (2001) identified four problems areas affecting successful strategy implementation. He cited lack of fit between strategy and structure; inadequate information and communication systems; and failure to impart new skills. Koske (2003) observes that there are many organizational characteristics, which act to constrain strategy implementation. He identified most challenges as concerning connecting strategy formulation to implementation; resource allocation; match between structure with strategy; linking performance and pay to strategies; and creating a strategy supportive culture.

Whilst the strategy should be chosen in a way that it fits the organization structure the process of matching structure to strategy is complex (Byers, 1996). The structure that served the organization well at a certain size may no longer be appropriate for its new or planned size. The existing structure and processes in the organization support in different ways, there is likely to be problems should the existing structures be used to implement the changes (Meldrum and Atkinson, 1998). The current structures may as well distort and dilute the intended strategy to the point where no discernible change takes place. Creating that structure for managers is the selection of the organization structure and controls that will implement the chosen strategies effectively.

Cultural impact under estimation is yet another challenge to strategy implementation. The implementation of a strategy often encounters rough going because of deep rooted cultural biases. This causes resistance to implementation of new strategies especially in organizations with defensive cultures. This is because they see changes as threatening and tend to favor “continuity” and “security” (Wang, 2000). It is the strategy maker’s responsibility to choose a strategy that is compatible with the “sacred” or unchangeable parts of prevailing corporate culture. Creating an organization’s culture, which is fully harmonized with implementation plan, offers a strong challenge to the strategy implementation leadership abilities. Aosa (1992) observes that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation, which can in turn frustrate the strategy implementation.

Strategy is all about managing change. Resistance to change is one of the greatest threats to strategy implementation. Strategic change is the movement of an organization from its present state to toward some desired future state to increase its competitive advantage (Hill and Jones, 2001). The behaviour of individuals ultimately determines the success or failure of organizational endeavours and top management concerned with strategy.

Change may also result to conflict and resistance. People working in organizations sometimes resist such proposals and make strategy difficult to implement (Lynch, 2000). Organizational politics is another to strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goals and change strategy and structure to further their own interests (Hill and Jones, 2001). Wang (2000), states that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power.

According to Wang (2000), communication should be two way so that it can provide information to improve understanding and responsibility and to motivate staff. Also they argue that communication should not be seen as a one-off activity throughout the implementation process. Constant communication ensures team members understand their assignment. However in many cases that does not happen and therefore communication still remains a challenge to strategy implementation process.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the approach that was used to conduct the research. It encompasses the research design, data collection and analysis.

3.2 Research Design

The research design of the study is a case study due to the fact that the unit of analysis is one organization which investigates on the competitive strategies and sustainable competitive advantage adapted by Pact Incorporation in Kenya. Mugenda and Mugenda (2003) argues that a case study is a form of qualitative analysis where studies are done on institutions and from the study, data generalization and inferences are drawn. A case study allows an investigation to retain the holistic and meaningful characteristics of real life events. It will involve a careful and complete observation of the social units.

The main focus of this study was qualitative. The research design is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primary data was collected from such a study for more reliable and up to date.

3.3 Data Collection

The study used primary data. An interview guide was used in collecting the primary data. This was used in order to gain a better understanding and enabled a better and more insightful interpretation of the results from the study. The interview guide was devoted to the identification of the responses to the competitive strategies and sustainable competitive advantage adapted by Pact Incorporation in Kenya.

Interview guide was used to interview Country director, public relation director, Finance director, Human resource director, Human rights program manager, M & E manager, Peace building program manager, Research/Capacity Building manager, Awareness Rising/Advocacy manager, Natural resource program, Grants manager and Finance manager. Interview guides are preferred because the researcher is able to get in depth information without restriction to choices given in structured tools. Open-ended questions were predominantly be administered to gather for subjective answering. However, a number of open-ended questions were used to give room for quality information that could have been overlooked. The targeted case was the departments in Pact Incorporation. The researcher shall therefore use census on all departments located at the head office for the company.

3.4 Data Analysis

Before processing the responses, the completed interview guides was edited for completeness and consistency. Qualitative data analysis seeks to make general statements on how categories or themes of data are related. The data was qualitative in nature, due to this fact; content analysis was used to analyze the data. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends.

The qualitative data shall be done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). The data was obtained from the various management team members belonging to different departments and compared against each other in order to get more revelation on the issues under study. This research yielded qualitative data from the interview schedules and analyzed using content analysis because this study seeks to solicit data that is qualitative in nature. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter entails data analysis and interpretations of the study findings. The main objective of the study was to determine the competitive strategies adopted by Pact Incorporation Kenya to achieve sustainable competitive advantage. The main objective of the study was achieved through determination of competitive strategies that has Pact Incorporation Kenya employed for sustainable competitive advantage and identifying the factors that influence development of competitive strategies at Pact Incorporation Kenya.

4.2 Competitive strategies adopted by Pact Incorporation Kenya to achieve sustainable competitive advantage

4.2.1 Competitive strategies for sustainable competitive advantage

The study revealed that Pact Incorporation has an elaborate strategic planning process that guides the strategic management process within the organization. It was clear from the respondents that the strategic management process is guided by general group wide guidelines that are developed by the senior leadership team in consultation with all employees at various levels. It was further indicated that the strategic management process in the organization is highly participatory involving staff, key partners and project beneficiaries.

The study further established that Pact Incorporation takes into consideration a detailed analysis of both the internal and external environment to ensure that key lessons are learnt from the past in order to inform the organization's future plans and direction. The organization usually develops five year strategic plans that are broken down into yearly targets to assist in simplifying the implementation of the strategy as well as enabling efficient and effective monitoring and evaluation of the strategy.

The study sought to establish the strategies Pact Incorporation adopts in order to gain competitive advantage over other players in the volatile environment that is crowded by many other NGOs that are competing for scarce resources. The study revealed that Pact Incorporation adopts a number of strategies to enable it develop competitive advantage Diversification of donors and services is one such strategy. Pact Incorporation has diversified its funding scope from institutional donors to the private sector and multilateral institutions through engagement with the government. It is also targeting and cultivating relationships with US prime NGOs and donors. To stay ahead of the present or potential completion, Pact Incorporation has also diversified its services and is now undertaking financial generating activities through provision of development consultancy services. Competitive costing of the services is done with the aim of offering the lowest relative cost compared to competitors hence attracting more clients.

It was also evident that Pact Incorporation has enhanced monitoring and evaluation activities to ensure accountability and transparency in the utilization of funds. Through strict adherence to donor regulations and continuous reviewing of it internal processes to achieve efficiency and effectiveness, the organization is able to achieve repeat funding from its traditional donors as well as attracting new ones. The study further established that the organization collaborates with competitors and also engages in partnerships with other similar organizations including government authorities and the private sector to leverage on opportunities. This strategy has been adopted in response to the changing trend of donor community preferring to fund consortia rather than single organizations.

The respondents indicated that Pact Incorporation strengthens its cutting edge by focusing on continuous improvement of its technology niche. This is done with the objective of differentiating the services of the organization from competitors'. It was said that Pact Incorporation adopts a participatory technology development approach whereby the target users of the technology are involved in the design.

The study also revealed that the organization focuses on its niche segments which are considered as hard to reach areas by other development NGOs. There was also clear indication that the organization is expanding its geographical reach, mainly in the northern parts of the country, reaching out to its beneficiaries with tangible outcomes and evidence of the same that assures the donor community of its high performing ability and credibility.

4.2.2 Rating the impact of competitive strategy in Pact Incorporation

The study revealed that competitive strategy helps Pact Incorporation to achieve high levels of performance in the markets and industries within which it is operating. Competitive strategy of Pact Incorporation is the roadmap that shows the way to gaining sustainable competitive advantage by the firm. Thus, competitive advantage depicts a company's competencies and its capability to survive against the factors prevailing in the firm's external environment.

The greatest strategic potential for Pact Incorporation lies in a differentiation strategy. There is a systematic way of arriving at this conclusion. Costs are not unimportant but primarily represent a constraint. The competitive nature of the industry demands cost efficiency. Strategic success for Pact Incorporation, however, lies along the path of differentiation through the provision of distinctive services and support.

The study further revealed that Competitive advantage is ultimately built and maintained by adding value to customers. Value is added by cost leadership, i.e., offering equal quality products or services at a lower cost than competitors, or by differentiation, i.e., offering products or services that are perceived to be unique relative to some important characteristic. Understanding how each competitively relevant resource and capability affects costs and uniqueness is an important aspect of understanding how, or if, each adds value to the services provided.

4.2.3 Influence of pricing strategy on achieving sustainable competitive advantage

The study sought to establish the influence of pricing strategy on achieving sustainable competitive advantage. The interviewees revealed that price environment determines the level of control an organization has over competitive pricing. Price environments are market-controlled, company-controlled or government controlled. A market-controlled environment shows a higher level of competition, similar products and little price control by individual companies. A company-controlled environment shows moderate competition, unique goods and services, and a lot of price control by individual firms. In a government-controlled environment, the governments takes input from related companies and then determines prices; public bus fare or state university tuition are examples.

The study revealed that every product has a price range; organizations have to look at their competitors pricing to find the range for their product. To decide where an organization fit on the current price range, or if it should choose something outside it, they have to compare their product to those of their competitors. Customers use the existing prices as a guide to what is normal or considered a good deal, so be prepared to handle the consequences of pricing outside the standard range.

4.2.4 Influence of differentiation strategy on achieving sustainable competitive advantage

The study further established that differentiation helps in achieving competitive advantage in Pact Incorporation. This agrees with a previous study that posited that differentiation is a marketing technique used by a firm to establish strong identity in a specific market; also called segmentation strategy. This is mainly through aspects such as the employees reliability, the NGO offering low prices/premiums ;the NGO conducive working environment the employees credibility ; the orgaisations courteous staff, the service assurance; the empathetic staff; the tangible services, the creative advertising therefore superior brand personality; the employees good communication skills ;the service delivery guarantees, the reliable services ; the participation in events such as shows and exhibitions ;the employees close organisation-customer relationships, the orgabisations well trained agents; price quality match ; the competent employees; the quality and attractive symbols, low interest, organizations fast complaint handling system ;the fast accurate quotes ; the employees who are responsive to customers' needs ;the readily available agents ; the comprehensive written/ audio visual media; the convenient location; the credit This is consistent with Porter who posited that differentiation involves creating a product that is perceived as unique. The unique features or benefits should provide superior value for the customer if this strategy is to be successful. Because customers see the product as unrivaled and unequaled, the price elasticity of demand tends to be reduced and customers tend to be more brands loyal. This can provide considerable insulation from competition.

4.2.5 Influence of cost leadership strategy on achieving sustainable competitive advantage

This study revealed that cost leadership influences Pact Incorporation in achieving competitive advantage. This is consistent with other previous studies that observed that a cost leadership strategy is designed to produce goods or services more cheaply than competitors by stressing efficient scale of operation. The study deduced that the management level employees were in agreement with the aspects of cost leadership. They include: the observed economies of scale (cost advantages that the company obtains due to expansion); that the organization focused on lower cost of purchase of equipment and that the organization used many suppliers to hedge on cost exploitation.

The study also deduced that the organization focused on reducing costs related to regulation levies; Pact Incorporation focused on reducing overhead expenses; Pact Incorporation had formed linkages with service providers ; Pact Incorporation practiced cross selling ; Pact Incorporation conducted all the services on its own ; Pact Incorporation had partnership agreements with other NGOs; Pact Incorporation shared cost across functions ; Pact Incorporation maximized on capacity utilization (Extent to which the organization actually uses its installed productive capacity), Pact Incorporation had formed linkages with customers; Pact Incorporation focused on lower installation costs i.e. entry into service and that the NGO had formed linkages with other financial/supplementary institutions. These findings are in line with a previous study that argued that the firm opens up a sustainable cost advantage over competitors and uses that lower cost as a basis for either under pricing the competitors and gaining a larger market share at their expense or earning a higher profit margin by selling at the going price.

4.2.6 Influence of market service focus for sustainable competitive advantage

The study sought to establish how market service focus influences sustainable competitive advantage in Pact Incorporation. the study established that established that market focus was used in Pact Incorporation in the following ways;; the NGOs practicing segmentation based on social class of the customers; the NGO practicing segmentation based on benefit sought by the client ; the practicing segmentation based on education level of the customers and the practicing segmentation based on physiological aspects of the customers e.g. lifestyle and that the practiced segmentation based on income level of the customers. This is consistent with a previous study that who observed that Successful market focus strategies create a competitive advantage for the seller, as customers view these products as unique or superior. This finding also correlates with other studies that posited that the firm can choose to focus on a select customer group, product range, geographical area, or service. The focus strategy, whether anchored in low-cost base or differentiation base, attempts to attend to the needs of a particular market segment. The focusing firms profit from their willingness to serve otherwise ignored or underappreciated customer segments.

4.2.7 How the strategies contributed towards achieving competitive advantage

The respondents confirmed that during strategy formulation, the organization looks at the resources available and the potential available to generate more value from these resources in a sustainable way. It was said that Pact Incorporation invests the limited resources towards nurturing and developing its resources base. Some of the examples cited by the respondents were continuous training and development of staff, partners and beneficiaries to build their capacity in development related work. As a result of the new organizational structure and working method, there was a growth on the realization of organizational objectives. Overall results growth was 48% compared to the same period on the previous term. Retention rate (calculated 6 month after the recruitment) and engagement of members also increased from 82% to 97% compared to the last term.

4.2.8 How competitive strategies enhanced a sustainable competitive advantage

The study established that competitive strategies enhanced a sustainable competitive advantage in the following areas Service quality: pact Incorporation deliver quality work. Their work is based on a sensitive and dynamic understanding of beneficiaries' realities; responds to local priorities in a way that beneficiaries feel is appropriate; and is judged to be useful by beneficiaries. Number of programs; the number of programs that they offer has increased. Pact's Incorporation has been able to build empowered communities, effective governments and responsible private institutions that give people an opportunity for a better life. This is done by strengthening the capacity of organizations and institutions to be good service providers, represent their stakeholders, network with others for learning and knowledge sharing, and advocate for social, economic and environmental justice.

4.3 Factors that influence development of competitive strategies at Pact Incorporation Kenya

The study revealed that national governments are also subject to the non-distribution constraint. Since its inception, foreign aid has engaged directly with governments in the recipient country as an instrument of promoting development. Even today, much of foreign aid is direct "budgetary support" to national governments in recipient nations Governments create the rules and frameworks in which businesses are able to compete against each other. From time to time the government will change these rules and frameworks forcing businesses to change the way they operate. Business is thus keenly affected by government policy. A key area of government economic policy is the role that the government gives to the state in the economy. Taxation policy affects business costs.

The study revealed that Non-governmental organizations deliver goods and services to a population that provides little feedback on the range or quality of product delivered. Compared to usual market or political settings, beneficiaries have a weakened ability to use market forces to penalize and reward NGOs. Citizens can vote out an incumbent from office and consumers can choose not to purchase a product from a for-profit provider, but villagers may be hostage to the particular development scheme that happens to be funded by the designated local NGO. One consequence is that NGOs face more direct incentives to manage donor satisfaction than beneficiary welfare. Indeed, donations are the only "market force" in the non-government sector industry, where donors can be viewed as desiring to improve the quantity and quality of the product of the NGO without having their donation expropriated. Thus, looking at the donor and funding base of NGOs will reveal the primary set of interests that a NGO is forced to manage.

4.4 Discussion

4.4.1 Comparison with Theory

The findings reveal that Pact Incorporation utilizes the experience that it has accumulated for many years it has been in operation to be able to cut a niche for itself among its competitors. This accumulated experience by the organization is an internal capability that may not be available to other INGOs, particularly the new entrants and it provides Pact Incorporation with a competitive advantage. Over the years, the organization has invested in research to find new ways to continuously develop and enhancing its niche, thereby differentiating its services from that of competitor development INGOs. This is in line with Porter (1980) generic strategy of differentiating a product or service offering that is perceived to be unique. Barney (1991) alludes to this finding by stating that successful product differentiation helps a firm respond to environmental threats and also reduces the threat of rivalry because each firm in an industry attempts to curve out its unique product niche.

It is also evident that diversification is one of the strategies that Pact Incorporation adopts in its effort to gain competitive advantage. The organization diversifies its donors in order to be able to achieve appropriate funding due to the changes in the trends of donor funding. This strategy assists the organization to succeed where other similar organizations may not be able to succeed. This is in agreement with Porter (1990) assertions that there is need for an organization to take note of unforeseeable changes that are likely to reduce the competitive advantage of that organization.

The study established that the organization focuses on its niche segments which are considered as hard to reach areas by competitor INGOs. In these segments, Pact Incorporation services are considered to be value adding to the needs of the communities. This strategy is agreement with Porter’s proposition that an organization can choose a narrow competitive scope within an industry where it can serve a particular target more effectively and sufficiently than competitors who are competing more broadly (Porter, 1980).

It was further revealed that resources such as human resources and capital resources largely affect the operations of Pact Incorporation. These resources have been mentioned by Porter (1990) in the theory of competitive advantage where he considers such resources as the determinants of competitive advantage. The study confirmed application of Resource Based View strategy through assessment of internal competencies to determine ability to implement the strategy and continuous development of staff, partner and beneficiaries through training to enhance skills. This is supported by Grant (1991) who alluded that resources are necessary in determining the strategic direction and competitive advantage of an organization.

4.4.2 Comparison with other Studies

The study established that diversification is one of the competitive strategies adopted by Pact Incorporation. This has been achieved through diversification of donors, services and spreading into new geographical areas that have not been exploited by competitors. This finding is supported by a study carried out by Njoroge (2006) seeking to establish how an organization builds competitive advantage through diversification. The study found that KenolKobil achieves competitive advantage through continuous diversification into different markets in Africa. Another study supporting the finding is that carried out by Ogono (2009) investigating strategies applied by NGOs in Winam, Kisumu. The study found that diversification was a key strategy in attracting funds through engaging in income generating activities, searching for sponsorships and proposal writing.

The study also confirmed that Pact Inc has achieved innovation strategy by engaging in and investing in research work to come up with pro-poor technologies and unique services. This has enabled the organization to maintain its technology niche among its beneficiary communities, donors and other development actors. This finding is in agreement with an earlier study conducted by Wafula (2011) to establish how organizational innovation promotes competitive advantage among health focused NGOs in Nairobi. Among the NGOs studied, similar to Pact Incorporation, innovation was considered to be an effective strategy to achieve competitive advantage but the main challenge is that of limited resources. Contrary to the finding by Wafula (2011) of senior management not cultivating innovative culture, Pact Incorporation senior management supports and invests in innovation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of findings on the strategies employed by Pact Incorporation to develop competitive advantage. It also provides the conclusions made based on the findings; the recommendations arrived at after considering the research findings and the suggestions on areas where further research may be necessary.

5.2 Summary of Findings

The study established that Pact Incorporation is an International NGO which enables systematic solutions that allow those who are poor and marginalized to earn a dignified living, be healthy and take part in the benefits that nature provides. Pact Incorporation accomplishes this by strengthening local capacity, forging effective governance systems and transforming markets into a force for development.

The study established that Pact Incorporation adopts a number of competitive strategies in developing its competitive strategies. For instance, it is clear that formation of strategic partnership and collaboration with specific NGOs, relevant Government Authorities and private sector institutions is a key strategy used by Pact Incorporation. The other strategy is diversification of donors in order to widen funding base and of specific services that are unique in the sector.

The organization has also used innovation strategy to introduce pro-poor technologies in the area of renewable energy services, water, sanitation, waste management and market development models to cut a niche in development sector. Further, the organization uses its technology niche to differentiate its services through adoption of a participatory technology development approach whereby the target users of the technology are involved in the design.

The study found that Competitive advantage is ultimately built and maintained by adding value to customers. Value is added by cost leadership, i.e., offering equal quality products or services at a lower cost than competitors, or by differentiation, i.e., offering products or services that are perceived to be unique relative to some important characteristic. Understanding how each competitively relevant resource and capability affects costs and uniqueness is an important aspect of understanding how, or if, each adds value to the services provided.

The study found that price environment determines the level of control an organization has over competitive pricing. Price environments are market-controlled, company-controlled or government controlled. A market-controlled environment shows a higher level of competition, similar products and little price control by individual companies. A company-controlled environment shows moderate competition, unique goods and services, and a lot of price control by individual firms. In a government-controlled environment, the governments takes input from related companies and then determines prices; public bus fare or state university tuition are examples.

5.3 Conclusion

Pact Incorporation competes for donor funding, staff, recognition, partnership and visibility among the donors and relevant stakeholders. The competitive strategies the organization employs include diversification of donors and services, differentiation, partnerships, repeat funding, innovation, focus and enhanced monitoring and evaluation.

Competitive strategies enhanced a sustainable competitive advantage in the following areas Service quality in pact Incorporation deliver quality work. Their work is based on a sensitive and dynamic understanding of beneficiaries' realities; responds to local priorities in a way that beneficiaries feel is appropriate; and is judged to be useful by beneficiaries. Number of programs; the number of programs that they offer has increased. Pact's Incorporation has been able to build empowered communities, effective governments and responsible private institutions that give people an opportunity for a better life. This is done by strengthening the capacity of organizations and institutions to be good service providers, represent their stakeholders, network with others for learning and knowledge sharing, and advocate for social, economic and environmental justice.

5.4 Recommendations of the Study

The study confirmed that strategies that are employed by Pact Incorporation to achieve competitive advantage include diversification, differentiation, focus, partnership formation and innovation. Other NGOs should be encouraged to adopt such strategies so that they can also enhance their competitiveness.

Pact Incorporation has used various strategies of differentiating its products to maintain long-term competitive advantage. The choice of these strategies has emanated from its strategic issues or challenges, its resource capacity and the culture of the organization. The competitive strategies adopted in the past and resulted in successful outcomes should be maintained while reviewing strategies that did not work and taking corrective action. Unfamiliar environments will call for the application of new strategies that are suitable for such environments.

5.5 Limitations of the Study

The researcher encountered un-cooperative respondents due to their busy schedule and the researcher explained to them the importance of this study and the way assist their working lives in the organization. The study will be carried out for a short time.

Information relating to strategy decisions and competitive advantage is always treated with sensitivity. This caused difficulties in convincing the respondents of the importance of giving sincere answers to the asked questions evidenced through reluctance of accepting invitation to participate in the study to counter the challenge, the research had to inform the respondents in advance the purpose for the research study being carried out, that it was meant for academic purpose only and not for other investigations.

Data collected was qualitative in nature and therefore the researcher was required to analyze this data using content analysis. The method is subjective and involves a lot of decision making which can lead to different conclusions by different researchers while analyzing same research data.

5.6 Suggestion for Further Research

This study sought to determine the strategies adopted by Pact Incorporation to achieve sustainable competitive advantage. Considering the contextual differences of various organizations resulting from differences in structures, systems, leadership cultures and goals the findings of this study may not work for the different organizations. Other organizations have a different context and there is need to study strategies adopted by these organizations to gain sustainable competitive advantage.

Another area of further research is on long term strategies that NGOs can implement to remain competitive and grow in the industry. This is because change in technology, easing of regulations, globalisation and change in customer rights is changing the dynamics of the sector and therefore creating more threats

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APPENDICES

Appendix I: Interview Guide

Section A: Background Information

1) Name of respondents' department
2) For how long has the organization been in existence?
3) What is the title or position of the respondent in the organization?
4) Years of experience with Pact Incorporation
5) How long have you been with this organization?
6) How many employees are in the organization?

Section B: Competitive strategies adopted by Pact Incorporation Kenya to achieve sustainable competitive advantage

7) Which competitive strategies do you consider the most important for sustainable competitive advantage?
8) How would you rate the impact of competitive strategy on your organisations?
9) What the influence of pricing strategy on achieving sustainable competitive advantage in your organisations?
10) What the influence of differentiation strategy on achieving sustainable competitive advantage in your organisations?
11) What the influence of cost leadership strategy on achieving sustainable competitive advantage in your organisations?
12) How do you carry out market service focus for sustainable competitive advantage in your organisations?

13) How has these strategies contributed towards achieving competitive advantage in your organisations?

14) How has competitive strategies enhanced a sustainable competitive advantage in the following areas?

a) Service quality
b) Number of programs
c) Speed of transactions
d) Compliance to regulations
e) Reduction of costs

Section C: Factors that influence development of competitive strategies at Pact Incorporation Kenya

15) What are the effects (positive & negative) of competitive strategies on your company?

16) To what extent do the following factors influences development of competitive strategies in your organisation?

a) Political changes
b) Economic changes
c) Physical environmental changes
d) Social Cultural factors
e) Competitors actions
f) Management policies
g) Brand positioning
h) Streamlining management policies with market trend

i) Marketing efforts

17) Are there strategies in place to deal with the challenge of direct competition?

Thanks for Your Corporation