STRATEGIES ADOPTED BY ECLECTICS INTERNATIONAL TO ENHANCE ITS PERFORMANCE IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for any other academic award in any institution of learning.

Signed______________________ DATE_______________________

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

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DEDICATION

I wish to dedicate this project to my loving spouse and dear mother without whose constant love, support and encouragement I would not have been able to come this far.

ABSTRACT

The study analyses the strategies adopted by Eclectics International to enhance its performance in Kenya. The study was inspired by the realization that the ICT sector under which Eclectics International falls, being a relatively new area, is yet to be extensively examined in terms of strategy. There has also been an influx in the number of ICT based firms which are battling to tap into the new market thus making competition in the sector very stiff. The study is guided by the premise that the strategies adopted by the leaders in any organization must serve to meet the objectives of that organization. This project focuses primarily on how top-level or positional leaders make key strategic choices thus steering the organization to greater profits. They therefore adopt the best strategy after analyzing the relevant market forces which not only gives them a cost advantage but also is sustainable in the long run. The study set out to answer the following research question; What are the strategic choices adopted by Eclectics international in its operations in Kenya and how do the choices enhance its performance. The study applied a qualitative approach in data collection by the use of both primary and secondary data. The primary data consisted of an interview guide administered on the senior managers of the organization and the same was analyzed using the content analysis method. Secondary data was obtained from the company's internal documents which included circulars, minutes of meetings, internal memo and internal publications.The study findings concluded that product differentiation is highly used since the company customizes its products and services in accordance with its clients' needs. The study also concluded that cost leadership strategies are used but to a smaller extent due to product customization thus the prices have to be adjusted based on the customer requirements.

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ABBREVIATIONS AND ACRONYMS

CAK	Communications Authority of Kenya
EAMS	East Africa Marine Systems
EASCS	East Africa Submarine Cable System
GoK	Government of Kenya
ICT	Information and Communication Technology
MoICT	Ministry of Information, Communication and Technology
NBS	National Broadband Strategy
RBV	Resource Based View

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategy generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions (Mintzberg and Quinn, 1996). Strategy describes how the ends (goals) will be achieved by the means (resources). It can be intended or can emerge as a pattern of activity as the organization adapts to its environment or competes. It involves activities such as strategic planning and strategic thinking. When preparing a strategy for success, a business needs to be clear about what it wants to achieve. Setting clear and specific aims and objectives is vital for a business to compete. It needs to know how it is going to turn its desires into reality in the face of intense competition (Ansoff, 2007).

Grant, (2012) argues that a rapidly changing world has created a society craving for speed and action. There is therefore, incredible pressure to deliver immediate results, to do more with less and to manage an ever-increasing personal workload. Every business must be willing to look ahead within the market it is operating in and to position itself in such a manner that it will not be caught ‘flat footed’ in the event of market dynamics (Karau, 2006). In this context, this study identifies some of the direct and indirect strategic choices which Eclectics International has adopted to be able to remain relevant and competitive in the market within which it operates.

1.1.1 Concept of Strategy

The concept of strategy can be defined as the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance. It can also be defined as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations (Naser and Moutinho, 2007).

Strategic management is thus the set of managerial decisions and actions that determine the long-run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation, and evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluating of external opportunities and threats in light of a corporation's strengths and weaknesses (Okode, 2007). Environmental scanning involves the management's scanning of both the external environment for opportunities and threats and the internal environmental for strengths and weakness.

Strategy Formulation is the development of long-term plans for the effective management of environmental opportunities and threats while taking into consideration corporate strengths and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. The long term plans here should have a strategic fit with the company's mission and vision (Pearce and Robinson, 2007). Strategy implementation is the process of putting the strategies as formulated above into action in order to achieve the objectives, mission and vision of the organization.

Evaluation and control, being the final stage of strategic management throws light on the efficiency and effectiveness of the comprehensive plans laid in achieving the strategy as formulated and gauging whether the same achieve the organization's goals. This is achieved through development of inputs for new strategic planning, feedback, appraisal and reward, development of the strategic management process, judging the validity of strategic choice among others (Thompson and Strickland, 2008).

1.1.2 Strategic Choice

According to Thompson and Strickland (1998), Strategic choice is the third logical element of the strategy formulation process and it is at the center of strategy formulation. If there are no choices to be made, there can be little value in thinking about strategy at all. On the other hand, there will always, in practice, be limits on the range of possible choices. In general, small enterprises tend to be limited by their resources, whereas large enterprises find it difficult to change quickly and so tend to be constrained by their past. In large corporations, managers may find their range of choice limited because some choices are made at a higher level or in another country (Pearce and Robinson, 2007). Porter's model of Competitive strategy proposed that firm's position within an industry was an important factor in attaining competitive advantage (Porter, 1985). Strategic choice inextricably affects the management process and systems by and with which the organization chooses to manage. Therefore, the effective choice of strategy, when considered in these circumstances, should become a central focus of company's boards (Peters and Waterman, 2009).

1.1.3 Organizational Performance

The definition of 'organizational performance' is a surprisingly open question with few studies using consistent definitions and measures (Kirby, 2005). Organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment); market performance (sales, market share); and shareholder return (total shareholder return, economic value added). Performance is so common in management research that its structure and definition is rarely explicitly justified; instead its appropriateness, in no matter what form, is unquestionably assumed (March & Sutton, 1997).

ICT industry like many other businesses is facing a lot of competitive challenges arising from the dynamism and complexity of the business environment. This state of affairs has propelled academicians to study distinctive firm competencies that add value to the final consumer and ultimately reflect on the firm's bottom line. DeNisi (2003) highlights that when a firm obtains individual level resources such as knowledge or human capital it has to leverage these resources so that the whole organization can benefit. Intellectual capital is therefore a key determinant of value creation for organizations. Armstrong (2010) highlights that through organizational learning a firm can develop unique intellectual capital that other firms cannot imitate. Njuguna (2009) states that firms obtain sustainable competitive advantage through the development of unique learning knowledge resources and capabilities. Organizational learning helps people in the organization to question themselves about organizational systems and challenges and endeavor to seek for solutions (Murray and Donegan, 2003).

1.1.4 Strategic Choice and Organizational Performance

An effective strategic choice process positions an organization for making sustainable strategic decisions. Sustainable strategic decisions in turn steer an organization towards improving its performance in the market place thus also increasing its bottom line.

At the heart of effective strategic planning lies the ability to surface the truly important issues and to make good choices, in the process of deciding how to address these issues. In general management, strategic choice refers to the view that, because of the power relationships in various organizational contexts, people in managerial roles are not simply restricted by obvious contextual factors such as available technology or environmental factors such as market demand but they sometimes exercise considerable discretion.

The thorough exploration of any possible strategic options also prepares managers for any inevitable departures from strategic plan that life will throw at the organization. Strategic decisions and contingency planning for these circumstances go together which altogether feed the ultimate prize of good performance. The process of strategic planning and eventually making the choice creates a corporate strategy for the organization. The process involves exploring a variety of strategic options on the road to isolating the hand full of major strategic decisions that become the essence of the corporate strategy. Setting these levels in terms of deciding what would be failure and what would be satisfactory performance each represent a major choice.

The strategic choices a firm makes further dictates which performance measures will reflect the latent performance construct (Steers, 2012). Understanding how different independent variables link to a dependent performance variable is then no longer trivial

(March & Sutton, 1997). Assuming away this dimensionality will lead to misdirected or biased measurement. From a measurement perspective, it is unlikely that changing strategies leaves the dimensionality of the performance indicators unchanged. Different strategies relate to different dimensions of performance, so the different strategies also alter the way these performance dimensions load onto the latent construct.

1.1.5 Information, Communication and Technology (ICT) Industry in Kenya

Over the last decade, the Government of Kenya has initiated and adopted several Policies, Laws and Regulations to guide the growth of the Information and Communication Technology (ICT) sector in order to harness its potential for socio-economic development. However, the convergence in the modern technology requires continuous evolvement of the policy and legal frameworks to accommodate technological changes for maximum utilization of ICTs potential and benefits (Okode, 2007).

Kenya produced its first National ICT Policy in 2006 whose vision forecasted a prosperous ICT driven Kenyan society, while its mission entailed improvement on the livelihoods of Kenyans by ensuring the availability of accessible, efficient, reliable and affordable ICT services. This policy was guided by the need for infrastructure development, human resource development, stakeholder participation and appropriate policy and regulatory framework. It focused on IT, broadcasting, telecommunications, postal services, radio frequency spectrum, universal access and institutional framework for implementation. ICT is both cross-sectoral and a stand-alone sector in its own right. This cross-cutting characteristic is one of the reasons why a coherent, harmonized and over-arching National ICT Policy is needed. This strategic plan therefore, resonates with other relevant sector policies (Karau, 2006).

ICT advances over the last few decades have seen the convergence of broadcasting, telecommunications, computing and content. It has changed the way business is conducted, facilitated learning and knowledge sharing, and generated global information flows, empowered citizens and communities, resulting in a global information society. Increasingly, ICT is playing the central catalytic role in pushing the development process forward and boosting the efficiency of the increasingly integrated global economy. In industrial countries, it is widely acknowledged to be the engine of economic growth and directly linked to productivity (Naser and Moutinho, 2007). Hence, countries that have harnessed the potential of ICT have attained significant social and economic development.

The role of information in any society can therefore not be overstated. Kenya has always been among the leaders in the region in respect to the deployment of ICT (Karau, 2006). However, the future success of Kenya in enhancing its competitiveness in the regional and global economy and improving the quality of life of its people is crucially dependent upon its capacity to develop as a leading ICT hub through international best practices in the use of ICT in all aspects and sectors of its economy.

1.1.6 Eclectics International

Eclectics International is a technology savvy company formed in 2005 whose core business is to innovate, design, develop, deploy and support state of the art tailor made software for the financial and banking sector. The organization conducts complex systems audits and evaluations for purposes of recommending their effectiveness and deployment. The organization has implemented ICT systems in 15 countries and has ongoing projects in Botswana, Zambia, Ethiopia, Southern Sudan, Cameroon, Gambia, Ghana, Malawi, Rwanda, Burundi, Tanzania, Uganda and Kenya. It is made up of professionals with years of experience in ICT and has partners with financial giants like Equity Bank, Kenya Commercial Bank, Diamond Trust bank, Equatorial bank among others.

Eclectics International’s strengths lie in the way it has built a strong community of consumers who with utilize their unique service and thus provide the organization with a strong foundation for growth and profitability in a changing marketplace.

1.2 Research Problem

Increased competition in the firms' environment has necessitated players to seek ways to gain and sustain competitive advantage. This has forced firms to come up with strategies and make strategic choices for them to be able to survive in the dynamic environment. Strategic choice involves not only evaluating strategy for deviations from intended course but also for flexibility towards responding to the new challenges and determining the effectiveness and the pace of the implementation (Johnson and Scholes, 2010).

The Kenyan regulator has continued cautiously to liberalize the ICT sector, with a certain degree of success. For instance, the mobile-telephone market has performed particularly well while the fixed-line market which has not been able to attract effective competitors has not grown much in the last five years. Competition has been introduced in most market segments of the ICT sector in Kenya and the quality of services has generally improved. Despite the completion, most stakeholders in the industry perceive the costs of services as very high especially mobile-telecommunication services. Unreliable and slow Internet connections also impact negatively on the sub-sector. Operating costs of mobile service providers are also high due to poor infrastructure and high cost of electricity and related taxes. The implications and real impact of ICT sector liberalization still need to be quantified.

Local studies have been done on differentiation strategy choice and implementation. For instance Karau (2006), differentiation strategy in the insurance companies in Kenya, Okode (2007) application of differentiation strategy in commercial banking in Kenya, Otieno (2005) differentiation strategies adopted by manufacturers of fast moving consumer goods in Nairobi, Oray (2006) product differentiation as a strategy for sustainable competitive advantage in banks issuing credit cards in Kenya, Okong'o, (2008), differentiation strategies used by classified hotels in major cities in Kenya. The general thread of findings in these studies indicate that a differentiation strategy in the operations of a business can often lead to a low-cost position. Such a favorable outcome is brought about by increase in sales volume, and economies of scale and scope and also suggests that one can achieve differentiation and cost leadership through higher volume.

Information communication technology has grown and provided room for innovation. Companies have been investing heavily in technology so as to gain a competitive edge. This study is based on the premise that the passage of time and the very numerous and significant changes in the information age have led to totally different factors influencing the use of ICT in the industry. Some studies attempting to shed some light on the subject under study are more generalist and have failed to give detailed insights and analysis of the issues by the current study. This therefore leaves a knowledge gap on the strategies adopted by Eclectics International to enhance its performance in Kenya. So far no known study by the researcher has attempted to research on strategies adopted by Eclectics International to enhance its performance in Kenya. It's therefore against that background that this proposed study seeks to bridge the noticeable gap by answering the following question:

i) What are the strategic choices adopted by Eclectics international in its operations in Kenya and how do the choices enhance its performance.

1.3 Research Objectives

The objectives of this study are:-

i) To determine the strategic choices adopted by Eclectics international in its operations in Kenya.

ii) To determine how such strategies enhance the performance of Eclectics international in its operations in Kenya.

1.4 Value of the Study

The goal of any organization is not only to survive, but also to sustain its existence by constantly improving its performance. The strategies adopted by the leaders in any organization must serve to meet the objectives of that organization. This project focuses primarily on how top-level or positional leaders make key strategic choices thus steering the organization to greater profits while using Eclectics International as a case study of the same.

The findings of this study will be used by the management team as the base upon which to review company performance at Eclectics International. Necessary improvements identified could be undertaken to enhance performance at the work place. It can further help control the use of its resources by determining areas of wastage and accordingly save on costs. The findings can also be used by the human resource management in other companies to help in boosting employee performance at the various workplaces.

As will be seen in subsequent chapters of this study, there have been numerous studies which suggest that the creation of strategies with due regard to the business environment within which an organization works is very critical to the achievement of the mission and vision of that organization. The findings of this study will enrich existing knowledge and will thus be of interest to both researchers and academicians who seek to explore and carry out further investigations on the same by providing a basis for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review on strategies adopted by Eclectics international to enhance its operations in Kenya. This is presented in form of empiricism and later as conceptual framework.

2.2 Theoretical Underpinnings of the Study

There are several important theoretical perspectives applicable to the strategy adoption and implementation. This research will be guided by the resource-based view of the firm (RBV) and the game theory.

The origins of game theory can be traced back to the study of war. The central idea is that the strategist has to anticipate the reactions of competitors. The assumption in the game theory is that to a greater or lesser extent competitors are aware of the interdependencies that exist and of the kind of moves that competitors could take. In assessing competitive forces and the context within which a company operates, choice of strategy can indeed seem like a search for a myriad of forces pushing and pulling an organization to change a little by way of established principles to determine what the choice should be.

This theory focuses on how firms decide what to produce, at what price and how (Willcocks, Hindle, Feeny & Lacity, 2008). Building on this along with Porter's (1985) notion of competitive advantage, Calderon, (2013) argued that a firm has a competitive advantage when it is implementing a value of adopting strategy which is not simultaneously being implemented by any current or potential competitors. An organization has "a sustained competitive advantage when it is implementing a value creating expansion strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this adoption strategy.

The Resource Based View (RBV) argues that firms possess resources, a subset of which enable them to achieve competitive advantage, and a subset of those that lead to superior long-term performance. Resources that are valuable and rare can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent that the firm is able to protect against resource imitation, transfer, or substitution. This view may be seen as a content-based approach (variance theories in Markus and Robey, 1988) to strategic management. The process-based view on strategy focuses on the processes through which strategy contents are created and managed over time. Challenges to strategy implementation provide a route to survival in some form in the future. Recent studies seem to indicate that organizations fail regularly because of a lack of effective strategic direction, the failure to concentrate on core business, and the lack of robust management systems and processes to deliver the core business and the values on which they are based.

2.3 Various Forms of Strategies

The choice of strategy is fundamental to a company for a number of reasons. First, choice made in a positive sense instills a focus and underlying direction for the organization. The development of a leadership style which focuses one's purpose on the future vision of services, rather than the accidents and designs of the past, provides powerful motivation for individuals, teams and the ubiquitous managers themselves. Second, choice provides a basis for articulating the value systems in the organization.

According to Hill (2009), managers are free to make strategic choices and the results may eventually depend as much on chance and opportunity as on the deliberate choices of those managers. When considering future strategies, it may seem that there are clear choices to be made. When reflecting on outcomes in retrospect, it is often clear that events, and particularly unexpected events, played a major role in determining results. When considering choice, it is necessary to take a prescriptive view.

Competition is the heart of the success or failure of the business (Porter, 1985). Thus, the competitive strategy of the firm is needed to survive and grow in the competitive market arena. Porter (1985) stated that generic strategies of competitive advantage are cost leadership, differentiation and the focus. Firstly, cost leadership consists of two types, which are, no frills strategy and low price strategy. No frills strategy is a combination of low price, low perceived product or service benefits and focus on a price-sensitive market; on the other hand, low price strategy seeks to achieve a lower price than competitors while trying to maintain similar perceived product or service benefits to those offered by competitors.

2.3.1 Differentiation Strategy

Differentiation is a business strategy where firms attempt to gain competitive advantage by increasing the perceived value of their products or services relative to the perceived value of other firm's products or services (Genessa and Fratto, 2006). 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 (Porter, 1985). Because customers see the product as unrivaled and unequaled, the price elasticity of demand tends to be reduced and customers tend to be more brand loyal. This can provide considerable insulation from competition. However there are usually additional costs associated with the differentiating product features and this could require a premium pricing strategy.

The concept of differentiation focuses on firms making products that appear different from their competitors. This is in order to make them earn a competitive advantage over others. According to porter (1985) differential advantage is created when a firms products or services differ from its competitors and are seen as better than a competitors products by customers. All these strategies come along with the concept of creating efficiency within an industry. Porter (1985) further acknowledges that as a result of globalization, the best indicator of a company's future success is the ability to be different from its peers.

A successful product differentiation strategy will move a product from competing based primarily on price to competing on non-price factors, or promotional variables (Genessa and Fratto, 2006). If customers value the firm's offer, they will be less sensitive to aspects of competing offers; thus price may not be one of these aspects. The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support and service (Genessa and Fratto, 2006). Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the distribution channels (Genessa and Fratto, 2006).

2.3.2 Cost leadership strategy

Cost leadership is a strategy used by businesses to create a low cost of operation within their niche. The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry. Product cost is often a highly prioritized service outcome when purchase price is a primary source of competitive differentiation. The total cost to produce and deliver the product to the customer provides a lower bound on profitable pricing and in this way limits pricing discretion. Mature process technologies and stable product designs reduce the possibilities of growth through innovation or integration, making improvement an important source of performance growth (Jahnukainen and Vepsäläinen, 2012; Kela, 2013; Jonas, 2006; Hayes et al., 2005).

The differentiation patterns are driven not only by intensifying cost competition but also by the standardization of product designs. The equipment and electronics companies look for economies of integration, while the process industry players maintain their positions in the lower right corner of the matrix (Apte and Vepsäläinen, 2013). 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. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors.

To attain such a relative cost advantage, firms will put considerable effort in controlling production costs, increasing their capacity utilization, controlling materials supply or product distribution, and minimizing other costs, including R&D and advertising. Differentiation strategy aims to build up competitive advantage by offering unique products which are characterized by valuable features, such as quality, innovation, and customer service (Kemppainen and Vepsäläinen, 2013). Differentiation can be based on the product itself, the delivery system, and a broad range of other factors. With these differentiation features, firms provide additional values to customers which will reward them with a premium price.

2.3.3. Product Differentiation

The product differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support and service. Firms following a differentiation strategy can charge a higher price for their product based on the product characteristics, the delivery system, the quality of service, or the distribution channels. Structural changes in production capabilities are analyzed with the well-known product-process matrix (Hayes and Wheelwright, 2009). After the description of the framework and its original hypothesis on the co-evolution of product mix and production process, the individual cases are presented. Then, the role- and chain-specific patterns of differentiation revealing more insights about the general changes are discussed.

The need to compare and evaluate production capabilities arises from the proliferating opportunities to allocate a desired product mix into different facilities and locations worldwide. According to the product-process matrix, production facilities can be characterized by the pattern of material flow, layout of machine centers, and worker assignments, as well as the degree of automation and methods of production planning and scheduling (Hayes and Wheelwright, 2004). The process design can range from a flexible job shop to a disconnected batch line, and a worker or machine-paced connected line, and further to a continuous automated flow. The mix of products and components can be one-of-a kind, customized products with low volumes of many differentiated products, high volumes of few standardized products, and commodity products with high production volumes. When positioned into the normative framework any efficient production facility should be located close to the diagonal (Pass et al., 2005).

In today's intensely competitive marketplace, no single, optimal organizational structure exists. In fact, the effectiveness of any organizational structure changes continually over time as environmental conditions change (Dess and Davis, 2004). This relationship between a firm, its environment, and organizational performance is captured by contingency theory. Contingency theory identifies conditions in the internal and external environments that should influence managerial decision making as a firm seeks to adapt and meet the needs of a dynamic market (Marques, 2006).

2.4 Organizational Performance Measurements

The idea of organizational performance is being widely accepted and adopted all over the world. It spread rapidly from the private sector to the public sector in the developed world and has recently found its way in many developing countries (Amita, Richard & Robinson, 2011). New initiatives and legislations continue to being issued as a sign of governments' insistence on following the new focus on performance orientation. Performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions.

Performance measures can be grouped into two basic types: those that relate to results (outputs or outcomes such as competitiveness or financial performance) and those that focus on the determinants of the results (inputs such as quality, flexibility, resource utilization, and innovation). This suggests that performance measurement frameworks can be built around the concepts of results and determinants (Amita, Richard & Robinson, 2011). Measures of performance of a business usually embrace five fundamental, but interlinking areas: Money, usually measured as profit; output/input relationships or productivity; customer emphasis such as quality; innovation and adaptation to change and human resources.

Within the operations area, standard individual performance measures could be productivity measures, quality measures, inventory measures, lead-time measures, preventive maintenance, performance to schedule, and utilization (Drucker, 2006). Specific measures could include: Cost of quality: measured as budgeted versus actual; variances: measured as standard absorbed cost versus actual expenses; period expenses: measured as budgeted versus actual expenses; safety: measured on some common scale such as number of hours without an accident; profit contribution: measured in dollars or some common scale and inventory turnover: measured as actual versus budgeted turnover.

While financial measures of performance are often used to gauge organizational performance, some firms have experienced negative consequences from relying solely on these measures. Traditional financial measures are better at measuring the consequences of yesterday's actions than at projecting tomorrow's performance. Therefore, it is better that managers not rely on one set of measures to provide a clear performance target (Amita, Richard & Robinson, 2011). Many firms still rely on measures of cost and efficiency, when at times such indicators as time, quality, and service would be more appropriate measures. To be effective, performance yardsticks should continuously evolve in order to properly assess performance and focus resources on continuous improvement and motivating personnel. In order to incorporate various types of performance measures some firm's develop performance measurement frameworks. These frameworks appear in the literature and vary from Kaplan and Norton's balanced scorecard to Fitzgerald's framework of results and determinants.

2.5 Empirical Studies and Research Gaps

The management literature demonstrates how it has been recognized, that the good performance of a firm requires well formalized competitive strategies. Pimtong, Hanqin and Hailin (2012) investigated the influence of competitive strategies and organizational structure on hotel performance and to explore whether organizational structure has a moderating effect on the relationship between competitive strategies and hotel performance. This study employed a causal and descriptive research design to determine the cause-and-effect relationships among competitive strategies, organizational structure, and hotel performance based on previous studies. A 28-question self-administered questionnaire comprising three sections was employed. The target population for this study was US hotel owners and general and executive managers whose e-mail addresses were listed on a publicly available database. A census survey was carried out and e-mails were sent to all of the hoteliers listed in the database. The results showed a competitive human resources (HR) strategy to have a direct impact on a hotel's behavioral performance, and a competitive IT strategy to have a direct impact on a hotel's financial performance. Organizational structure is found to have a moderating effect on the relationship between both of these strategies and behavioral performance.

Szalkai (2003) in a study of sustainable customer relationship in Deutschland berg found that it is often discussed whether traditional marketing concept is an appropriate philosophy in an age of environmental deterioration, resource shortage, explosive population growth and world poverty. Recent marketing paradigms, such as the sustainable marketing concept, state that the survival and the continuing profitability of a public university depends upon its ability to strategically fulfill economic, environmental and social purpose. In setting their strategy and marketing policy, public universities should balance company profits, consumer want satisfaction and public interest. Moreover, they should achieve their objectives in cooperation with stakeholders.

Venkatranan and Ramanjam (1996) pointed out that firm performance is a multidimensional construct. Financial performance includes return on assets (ROA), return on sales (ROS), and return on equity (ROE). They measure financial success and tap current profitability (Parker, 2000; Man, 2009). Business performance measures market – related items such as market share, sales growth diversification, and new product development (Gray, 1997; Amoako – Gyampah & Acquaah, 2008; Man, 2009). Organizational effectiveness measures are closely related to stakeholders than shareholders like employee satisfaction, quality and social responsibility (Gibcus & Kemp, 2003; Man, 2009).

Gloria and Ding (2005) investigated the mediating effects of a firm's competitive strategy in the market orientation-performance relationship. Based on a sample of 371 operations firms in China, evidence was found that the three dimensions of market orientation exert different effects on competitive strategy and performance. Among them, customer orientation has the strongest association with competitive strategy and market performance. This lends credence to a component wise approach on the study of the relationship between market orientation and performance. The results of structural equation analyses indicate that the mediating effect of competitive strategy is mainly revealed in innovation strategy, the most vital factor in creating superior value for the company in the emerging market.

Today, Organizations are investing heavily in technology so as to gain a competitive edge. The passage of time and the very numerous and significant changes in the information age have led to totally different factors influencing the strategic choices made by organizations in their quest to enhance their performance in the market place.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focused on the research design, population of study, sample and sampling techniques, data collection methods and comes to a conclusion with the data analysis and data presentation methods used in this study.

3.2 Research Design

This was a research on strategies adopted by Eclectics international to enhance its performance in Kenya. The study adopted a case study research design.This design is most appropriate for a single unit of study because it offers a detailed in depth analysis that gives valuable insights to phenomena since managers across the board were interviewed.

According to Mugenda (2008), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. According to Kothari, (2004), a case study involves a careful and complete observation of social units. It is a method of study that focuses on depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. The design was thus deemed fit to portray a clear picture of the strategies adopted by Eclectics international to enhance its operations in Kenya.

3.3 Data Collection

The researcher used both primary and secondary data. Primary data was obtained by interviewing 8 Senior Managers (Customer Support, Quality Assurance, Back Office, E-Banking, Human Resource, Administration, Research & Documentation, Sales and Marketing) of Eclectics international using an Interview Guide. The managers represent the functional units of the organisation. The guide was used to solicit for information on the study.

The senior managers are involved in both the change process and ensuring the realization of performance objectives of the organisation and therefore are critical subjects of the study. Secondary data was obtained from the company's internal documents which included circulars, minutes of meetings, internal memo and internal publications. External documents including annual reports and prospectuses were also invaluable.

The rationale of the use of multiple sources of data in the study is the triangulation of evidence. Triangulation increases the reliability of the data and corroborates the data gathered from other sources. Yin (2004) identified six primary sources of evidence for case study research as; documentation, archival records, interviews, direct observation, participant observation and physical artefacts.

3.4 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. It involves examining what has been collected and making deductions and inferences (Kombo and Tromp 2006).

After the interview guides were edited for completeness, the data, which was qualitative in nature, was analyzed using content analysis which is the best suited method of analysis. Content analysis is defined by Nachmias and Nachmias (2006) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends.

According to Mugenda and Mugenda (2003) the main purpose of content analysis is to study existing information in order to determine factors that explain a specific phenomenon. The content analysis was used to analyse the interviewees' views on strategies adopted by Eclectics international to enhance its performance in Kenya.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the result of the analysis of data collected through interviews with the 8 senior managers drawn from various departments in Eclectics international. These senior managers were from the following departments; Customer Support, Quality Assurance, Back Office, E-Banking, Human Resource, Administration, Research & Documentation, Sales and Marketing. The data was analyzed using content analysis based on meanings and implications emanating from interviewees information and documented data. Specifically, it starts with the analysis of the general information of the respondent and their organization then proceeds to interpret results on the strategies adopted by Eclectics International to enhance its performance in Kenya.

4.2 General Information

As indicated, the interviewees were the senior managers were from the following departments; Customer Support, Quality Assurance, Back Office, E-Banking, Human Resource, Administration, Research & Documentation, Sales and Marketing. From the eight senior managers interviewed, three interviewees indicated that they had attained their master's degree, four had attained their undergraduate degree while one senior manager had an associate degree. The researcher found out that the respondents were knowledgeable and they were in a position to respond effectively to the strategies adopted by Eclectics International to enhance its performance in Kenya. The researcher established the number of years worked in the company by the respondents and found out that two of the senior managers had been in the company for more than 10 years, four of the managers had worked in the company for more than 5 years, one manager had worked for 2 years while another had worked for only one year in the company.

4.3 Strategies Adopted by Eclectics International to Enhance its Performance in Kenya

The section presents data analyzed on strategies adopted by Eclectics International to enhance its performance in Kenya.

4.3.1 Levels of application of Differentiation Strategy to Enhance its Performance

The interviewees indicated that differentiation strategy was used to a very great extent since it is what gives Eclectics International most business and differentiates the company from the others. Adopting differentiation strategy early enough helps the company to get to market faster with simple, ingenious and distinctive technologies for the financial industry. The interviewees indicated that differentiation strategy is also used for producing unique products and solutions that have a positive impact on the company.

The interviewees indicated that differentiation strategy focuses on the quality and design of the product which creates the perception that there's no substitute available on the market. It was found that though competitors may have a similar product, the differentiation strategy focuses on the quality or design differences that other products don't have. The business gains an advantage in the market, as customers view the product as unique. The interviewees indicated that Eclectics International seeks to design and produce highly distinctive and unique product that create high value for their customers.

The interviewees indicated that they use differentiation based on product/service, differentiation based on promotion/ advertising campaign and differentiation based on personnel and all these affect performance. Performance is also affected by differentiation based on place, differentiation based on image and differentiation based on technological leadership.

4.3.2 Engaging in Market Focus

The interviewees indicated that they engage in market focus by developing custom programming. The interviewees indicated that their focus is on evolving technologies and social changes and it is not really driven by the market but by innovation. The company offers technologically advanced products which are a natural route to pursue differentiation; the company does at times come up with new features which convey a sense of quality that enables firm to distinguish itself from competitors. These technologies require the firm to remain on the cutting edge of innovation and quality in order to accelerate new product development and to stay in touch with customer's needs and market trends.

4.3.3 Impact of Competitive Strategies on the Company Performance

The interviewees indicated that the ability to outperform competitors and to achieve above average profits lies in the pursuit and execution of an appropriate business strategy. Performance of the company requires well formalized competitive strategies. They continued to state that the survival and the continuing profitability of Eclectics International depends upon its ability to strategically fulfill economic, environmental and social purpose. In setting their strategy and marketing policy, Eclectics International balances company profits, consumer want satisfaction and stakeholder interest. These objectives are achieved in cooperation with stakeholders.

The interviewees indicated that by employing cost strategies Eclectics International has been able to achieve higher return on investment (ROI) when they have low autonomy, and the sales growth due to differentiation strategies benefits from strong functional coordination for key functions under their responsibility. The adoption of both cost strategies and differentiation strategy has led to highest performance.

Such competitive strategies provide a framework for Eclectics International to respond to the various changes within the firms operating environment.

4.3.4 Level of Cost Leadership Strategy to Enhance Company Performance

The interviewees reckoned that Eclectics International had employed low cost strategy to a small extent. This the company achieved through minimizing operational costs/expenses, reducing input costs and controlling labour costs.

The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry. Eclectics International also uses new knowledge and new service features but they rarely keep the overheads low to compete against other competitors.

The company uses cost advantages by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

4.3.5 Level of Application of Pricing Strategy to Enhance Company Performance

According to the response of the senior managers, the level to which the company uses pricing strategy as an entry strategy in the market is not so high since the company prefers to have a good product that adds value to the customer. The strategies they apply in pricing depend upon the basic requirement of the clients in terms of corporate negotiations on the product mix. The researcher found out that pricing is based on the clients' requirements.

The interviewees indicated that the most important thing in developing any marketing strategy, including pricing strategy, is to understand as much as possible about current and potential customers. The more you know about their motivations, sensitivities, needs, and their own customers, the more likely you will be to maximize both the effectiveness of your product to their needs as well as your own revenue stream.

4.3.6 Application of Product Differentiation in its Operations in Kenya

The interviewees indicated that they use product differentiation as a marketing strategy to distinguish their product from similar offerings in the market. The product differentiation strategy provides the company with a competitive advantage in the market which is dominated by larger companies. The differentiation strategy used targets a segment of the market and delivers the message that the product is positively different from all other similar products available in the market.

The interviewees indicated that the company uses product differentiation strategy to create brand loyalty among customers. The strategy helps the company gain market share through perceived quality or cost savings which creates loyalty from consumers. The company delivers quality and value to consumers in order to maintain customer loyalty. They continued to indicate that in a competitive market, when a product doesn't maintain quality, customers may turn to a competitor.

The interviewees indicated that the product differentiation strategy also allows Eclectics International to compete in areas other than price. The company concentrates on innovative products which have good quality and design and thus gain a competitive advantage in the market without decreasing their price.

4.3.7 Application of Promotion Strategy to Enhance Company Performance

The interviewees indicated that Eclectics International makes strategic marketing choices by targeting their niche market and participating, attending and exhibiting in conferences which are in their niche. Eclectics International does also attend Tech events and talks and they use this as space for their promotional ways.

Eclectics International uses newsletters for their promotions. It is an easy way to stay in touch with their clients, prospects and affiliates. The success of an e-mail newsletter distribution system depends on the database, therefore Eclectics International keeps it up to date and accurate. The company targets their e-mail campaign to clients and prospects or to affiliates. They concentrate on creating different campaigns for each segment that they target. They seek permission to stay in touch with their clients and affiliates. They inform them what to expect from their newsletters regarding content and frequency and respect the standards that they have established. The company offers a chance to unsubscribe from the newsletter in a very visible place.

4.3.8 Influence of Strategic Design on Sustainable Competitive Advantage

The interviewees indicated that strategic design has given Eclectics International the ultimate edge over the others in the same sector. This has made the company become the go-to company for Financial Institutions seeking non-traditional banking methods that leverage on technology**.**

4.3.9 How Strategies has Improved your Organisation's Performance

The interviewees indicated that the company has grown exponentially and massively. This is shown by the fact that Eclectics International has in the 10 years of its existence, developed a bigger reach in Kenya than its other affiliate companies in other countries. The interviewees indicated that in today's highly competitive environment the goal of each organization is to defeat competition and win new customers. Individuals who are holders of knowledge represent a tool for the generation of innovations. Knowledge too is very significant in the innovation process since it represents not only important input, but also output of the transformation process.

4.3.10 Challenges Experienced in Implementing these Strategic Choices

Whereas formulation of competitive strategies is vital, the implementation of these strategies is extremely paramount. Lack of proper implementation of competitive strategies culminates to losses that ultimately affected the performance of a firm.

Despite the efforts that were being made by Eclectics International to achieve competitive advantage, several challenges still hampered this important process. When asked on their opinion, the interviewees noted that Eclectics International still faced numerous challenges in implementing competitive strategies. All the respondents mentioned different challenges that hindered effective implementation of these strategies. However the researcher merged the related challenges to come up with these: poor leadership and management; inadequate resources; poor organizational structure; poor organization culture; inadequate market penetration, competition and reluctance to the adoption of new technologies.

Poor leadership and management was also depicted through rigidity and bureaucracy coupled with failure of the company to embrace new ideas and innovational technology. Furthermore, leadership wrangles due to differences in opinion over which strategies to implement and which ones not to implement also caused problems. The interviewees noted that the organization did not have enough and qualified man power to undertake this process. They felt that there was need to train the existing labour force on competitive advantage for competitive strategies to have meaning. Competition is also high due to many companies being involved in the industry. The company has to be on its toes to ensure that they are on top of list in selling their products.

4.4 Discussion

The study found that Eclectics International uses differentiation strategies to enhance its performance. These findings are in line with David and Uttal, (2005) who defined differentiation strategy as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique. Differentiation creates benefits and dominant positions that will last until competitors imitate a firm's key resources, and will be restored through the creation of new opportunities that result in a new competitive advantage and new entry barriers. Differentiation strategies for a sustainable competitive advantage are marketing techniques used by a firm to establish strong identity in a specific market; also called segmentation strategy. Baum and Oliver, (2011) note that in using differentiation strategy, a firm introduces different varieties of the same basic product under the same name into a particular product category thus covering the range of products available in that category. Differentiation can be based on the product itself, the delivery system and a broad range of other factors. With these differentiation features, firms provide additional values to customers which will reward them with a premium price.

The study found that Eclectics International uses cost leadership strategies for to enhance its performance. According to Porter (2005), in order for a firm to successfully implement the cost leadership strategy and maintain a strong competitive position while still sustaining their profit margins for a longer period of time, they have to place a premium of efficiency of operations in all functional areas. A low cost leader's basis for competitive advantage is lower overall costs than competitors. The need to manage cost is nothing new, yet a surprising number of organizations struggle to successfully control their operating expenses overtime (Bertone, Clark, West & Groves, 2009). Successful low cost leaders are exceptionally good at finding ways to drive costs out of their business. Furthermore, Miller (1986) and Speed (1989) maintained that cost leaders try to supply a standard, no-frills, high volume product at the most competitive selling price. The innovations of competitors will only be imitated after a considerable risk-reducing lag. Process, R&D, backward vertical integrations, and production automation may be pursued to reduce costs (Hooley et al., 2004). Similarly, Reid et al. (1993) indicate that a low cost leader has a standardised product range and therefore amenable to mass production techniques.

The study found that Eclectics International uses product differentiation strategies to enhance its performance. This is in line with studies published by Hayes and Wheelwright, (2009) which indicates that the product differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support and service. Firms following a differentiation strategy can charge a higher price for their product based on the product characteristics, the delivery system, the quality of service, or the distribution channels. Structural changes in production capabilities are analyzed with the well-known product-process matrix.

The study found that competitive strategies affect performance of the company. These findings conforms with Grant, (2002) who observed that long term strategy should derive from a firm's attempt to seek a competitive advantage based on one of three generic strategies which are essential in ensuring performance. Low cost leadership depends on some fairly unique capabilities of a firm to achieve and sustain their low-cost position within the industry of operation. Striving to create a market unique product for varied customer groups through differentiation is another key competitive strategy, which aids performance. Competitive strategies dependent on differentiation are designed to appeal to customers with special sensitivity for a particular product attribute. Such customers will be willing to pay a premium hence improve the performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the discussions, conclusion and recommendations drawn after analyzing data. Findings have been summarized alongside the objective of the study which was to identify the strategies adopted by Eclectics International to enhance its performance in Kenya.

5.2 Summary of Findings

The study found that Eclectics International uses differentiation strategies in their operations to enhance performance. Differentiation strategy is used for producing unique products and solutions that have a positive impact on the company. It was found that differentiation strategy focuses on the quality and design of the product which creates the perception that there's no substitute available on the market. It was found that though competitors may have a similar product, the differentiation strategy focuses on the quality or design differences that other products don't have.

The study found that Eclectics International uses cost leadership strategies in their operations to enhance performance though not at a great extent. It was found that cost leadership in the company is a achieved through minimizing operational costs/expenses, reducing input costs and controlling labour costs. The researcher found out that pricing is based on the clients' requirements. The strategies they apply in pricing depend upon the basic requirement of the clients in terms of corporate negotiations on the product mix.

The study found that Eclectics International uses product differentiation strategies in their operations to enhance performance. The product differentiation strategy provide the company with a competitive advantage in the market which is dominated by larger companies. The differentiation strategy used targets a segment of the market and delivers the message that the product is positively different from all other similar products available.

5.3 Conclusion

Today's firms seek innovation and perform various practices in order to be more competitive, profitable and productive. They try to set a competitive strategy or a position to survive and compete with other firms. The competitive strategies used by Eclectics International include cost leadership and differentiation and focus strategies. These strategies have both pros and cons. Firms set appropriate competitive strategies in line with their structures and conditions to carry out their activities.

This study concluded that differentiation affect performance of the company through product/service, promotion/ advertising campaign, personnel differentiation. Differentiation based on place, differentiation based on image and differentiation based on technological leadership affected performance of the firm. The company uses product differentiation and designs products based on the customer requirements. The study concludes that product differentiation is highly used since the company does not serve the same kind of clients. Cost leadership strategies are used but to a smaller extent because the products are customized and the prices have to be adjusted based on the customer requirements.

5.4 Limitations of the Study

Despite the study being detailed and specific, several limitations were encountered. The researcher had limited access to vital information due to confidentiality and loyalty of the respondents to the management of Eclectics International. Some respondents were not willing to comment on the challenges faced by the company in implementing competitive strategies. However to mitigate this, researcher categorically elaborated the main purpose of conducting the research and endeavored to obtain permission from the relevant authorities to carry out the study.

Due to the demanding nature of research, collecting, interpreting and analyzing data was a time consuming affair. To handle this challenge, the researcher sought for a time off from her employer which enabled her to comfortably collect, interpret and analyze data.

5.5 Recommendations

Since the study found that cost leadership affects performance, it therefore recommends that the firm should strive towards expanding its market, for an effective cost leadership strategy. The study recommends that the company adopts a cost leadership strategy which will ensure market sustainability. The managers should ensure the firm is able to explore opportunities and to respond swiftly to environmental changes and eroded value that arises from competitor activities. To develop core competences there is need for good leadership from the company management and involvement of all stakeholders to ensure sound decision making. The study further recommends that managers at all levels (top, middle and low management level) should be trained on the importance of competitive strategies which will help the firms realize performance and growth.

The study recommends that companies should first understand and know their motive and capability before adopting a certain competitive strategy. They should know on what basis to segment their products, services and operations. As the markets become dynamic and consumers more irregular and fickle, the firms need some form of market segmentation to efficiently satisfy the market needs. What differentiates and makes an organization unique from a competitor's should be established. Managers need to ensure that the message of differentiation reaches the clients, as the customer's perceptions of the institution are significant. Level of segmentation should be increased in the firm to reflect the strategy adopted.

5.6 Suggestions for Further Study

A similar study could be carried out in other organizations to find out whether the same results will be obtained. The study recommends a study to be done on the factors influencing the choice of competitive strategies adopted by companies.

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APPENDIX: INTERVIEW GUIDE

1. Title/Position of the respondent ___________________________________
2. What is your highest level of education?
3. How many years have you worked in this company?
4. To what extent does the application of differentiation strategy as a competitive entry strategy affect the performance of your company?
5. Does your organization engage in market focus?
6. How would you rate the impact of competitive strategies on your company?
7. How would you rate the level of cost leadership entry strategy option in response to changes in the market?
8. To what level does your company use pricing strategy as an entry strategy in the market to gain a sustainable competitive edge in the market?
9. How do you carry out product differentiation in your operations in Kenya?
10. How is the information obtained from product differentiation utilized?
11. How does your company use promotion strategy as an entry strategy in the market to gain a sustainable competitive advantage in the market?
12. How has strategic design influenced a sustainable competitive advantage in your organization?
13. How have these different strategies improved your organisation's performance in th market?
14. How do such strategies enhance the performance of Eclectics international in its operations in Kenya?
15. What challenges have you experienced in implementing these strategic choices?

THANK YOU FOR YOUR TIME AND PARTICIPATION