

**ORGANIZATIONAL CHANGE AS A STRATEGY FOR  
COMPETITIVE ADVANTAGE AT PRACTICAL  
ACTION EASTERN AFRICA**

**ELISHA CORNEL JUMA**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD  
OF MASTER OF BUSINESS ADMINISTRATION DEGREE,  
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

**2014**

## DECLARATION

This research proposal is my original work and has not been presented for any award in this or any other institution.

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

**Juma Elisha Cornel**

**D61/79145/2012**

This research proposal is submitted for examination with my approval as the University supervisor.

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

**Ms Florence Muindi**

Department of Business Administration,

School of Business, University of Nairobi.

## **ACKNOWLEDGEMENT**

To God be all the Glory, HIS grace is sufficient. My sincere gratitude goes to my supervisor, Ms Muindi for tirelessly and willingly sharing her scholarly experience and for making this dissertation a successful undertaking. Her support, professional guidance and supervision has been of immense value addition to this work. Thank you.

Many thanks go to the staff of Practical Action Eastern Africa who took time off their busy schedules to support me during the data collection. Their responses assisted and enabled the study to be what it is.

## **DEDICATION**

This dissertation is dedicated to my awesome mother, Mary Juma, for the support and encouragement during the project. She has been and still is the pillar of who I am today. To my late dad, Cornel Juma, for instilling in me the value of education.

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>iii</b>
<b>DEDICATION.....</b>	<b>iv</b>
<b>ACRONYMS AND ABBREVIATIONS.....</b>	<b>vii</b>
<b>ABSTRACT.....</b>	<b>viii</b>
<b>CHAPTER 1: INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Organizational Change .....	2
1.1.2 Concept of Strategy.....	3
1.1.3 Concept of Competitive Advantage .....	4
1.1.4 Non-Governmental Organizations (NGOs) in Kenya.....	5
1.1.5 Practical Action Eastern Africa.....	6
1.2 Research Problem .....	8
1.3 Research Objectives.....	10
1.4 Value of the Study .....	10
<b>CHAPTER 2: LITERATURE REVIEW .....</b>	<b>12</b>
2.1 Introduction.....	12
2.2 Theoretical Foundation of the Study.....	12
2.2.1 Resource Based View .....	12
2.2.2 Competitive Advantage Theory .....	13
2.3 Drivers of Organizational Change .....	14
2.4 Managing Organizational Change .....	15
2.5 Challenges of Implementing Organizational Change .....	16
2.6 Competitive Advantage .....	17
2.7 Organizational Change as a Strategy for Competitive Advantage.....	19
<b>CHAPTER 3: RESEARCH METHODOLOGY .....</b>	<b>21</b>
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Data Collection .....	21
3.4 Data Analysis .....	22

<b>CHAPTER 4: DATA ANALYSIS, RESULTS AND DISCUSSION.....</b>	<b>24</b>
4.1 Introduction.....	24
4.2 Organization Profile – Practical Action Eastern Africa.....	24
4.3 Drivers of Organizational Change .....	25
4.4 Organizational Change at Practical Action Eastern Africa.....	26
4.4.1 Organizational Change in Strategy .....	26
4.4.2 Organizational Change in Structure.....	26
4.4.3 Organizational Change in Systems .....	27
4.4.4 Organizational Change in Skills .....	28
4.4.5 Organizational Change in Style .....	28
4.4.6 Organizational Change in Staff.....	29
4.4.7 Organizational Change in Shared Values .....	29
4.5 Organizational Change as a Strategy for Competitive Advantage.....	30
4.6 Challenges of Implementing Organizational Change as a Strategy for Competitive Advantage .....	32
4.7 Discussion.....	33
4.7.1 Comparison with Theory .....	33
4.7.2 Comparison with Other Studies .....	34
<b>CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>37</b>
5.1 Introduction.....	37
5.2 Summary of Findings.....	37
5.3 Conclusion .....	38
5.4 Recommendations.....	39
5.5 Limitations of the Study.....	40
5.6 Suggestions for Further Research .....	40
<b>REFERENCES.....</b>	<b>42</b>
<b>APPENDICES .....</b>	<b>i</b>
Appendix I: Introduction Letter .....	i
Appendix II: Interview Guide.....	ii

## **ACRONYMS AND ABBREVIATIONS**

BAT	British American Tobacco
GoK	Government of Kenya
HFCK	Housing Finance Company Kenya
INGO	International Non-Governmental Organization
IT	Intermediate Technology
NGO(s)	Non-Governmental Organizations
PAEA	Practical Action Eastern Africa
UK	United Kingdom

## ABSTRACT

Organizations operate in increasingly complex, dynamic and very competitive environments. To survive organizations seek to acquire and sustain competitive advantage, which enables them to outperform their rivals in the market. Non Governmental Organizations are not an exception to this and to survive they have to adapt to change in order to achieve sustainable competitive advantage. The research objective with regards to the gaps identified from previous studies was to determine how Practical Action Eastern Africa, a development based INGO, is using organizational change as a strategy for competitive advantage. The research design was a case study, with the interview guide questions modeled on McKinsey's 7S model. Qualitative data was collected from the regional management team, middle level management and general staff of PAEA, with respondents drawn from the various departments of the organization. Primary data was collected through email and skype interviews. Secondary data was collected from the organization's strategic plan, annual report, programme documents and quarterly review reports. The collected data was analyzed using content analysis. The study findings showed that PAEA is an INGO that uses technology to challenge poverty in the Eastern Africa region and offers the following services, access to renewable Energy, Food and Agriculture and Disaster Risk Reduction, and Urban Water, Sanitation, Hygiene and Waste Management. It also has cross-cutting themes of Markets, Gender and Climate Change. Further, leveraging on its programme work, PAEA provides consultancy and knowledge brokering services. Findings of the study note that PAEA competes for reducing donor funding, geographical footprint, staff, recognition in the sector, credibility, profile and visibility within the international development space. The study findings show that PAEA has deliberately and consciously undergone changes its strategy, structure, systems, skills, style, staff and shared values with an aim of strengthening its competitive advantage. The respondents confirmed that by undergoing change in the above elements, PAEA has been able to strengthen its competitive advantage by using its internal resources in a more efficient and effective way thus achieving impact at scale at a lower cost than rivals. However challenges such as limited resources, disruption to programme delivery, resistance to change, staff turnover and related loss in institutional memory affect the effectiveness of the organizational changes on its competitive advantage. The study has recommended that other development INGOs should deliberately and consciously anticipate and adopt organizational change so as to reap related benefits on their competitiveness. The study suggests that a cross sectional survey should be done across the NGO sector to establish how other INGOs are using organizational change to drive their competitive advantage. Limitations of the study include inability to generalize findings across all NGOs given the diverse nature of the sector, limited institutional memory and competing time priorities during data collection.

# CHAPTER 1: INTRODUCTION

## 1.1 Background of the Study

Organizations, both for profit and not for profit are now more than ever before, faced with a constantly changing and less certain environment in which they operate in as a result of technological advancements, increasing regulations, challenges of globalization, terrorism, slowing global economy, increasing competition, political environment etc. Johnson and Scholes (2003) note that organizations must find ways for operating by developing new competencies as the old advantage and competence gained is quickly eroded owing to environmental changes. Because of the fact that changes are a necessity, every organization must change with the environment otherwise it would become irrelevant. Drucker, (1999) noted that given the inevitability of change, if an organization is to survive it must even encourage it.

Open Systems Theory postulates that organizations operate as open systems, having in some way or another, interactions with their surrounding environment, obtaining inputs such as raw materials, labour, technological equipment from their environment, process them and give back (output) to the environment in the form of goods and services. The environment consists of other organizations that exert various forces of an economic, political, or social nature. It also provides key resources that sustain the organization and lead to change and survival. An organization's interaction with the outside environment implies that organizations need to be able to adapt to the changes that occur in their environment. An organization that is not adaptable to change will eventually fail to compete with the competition and it may not survive in the long run.

Non Governmental Organizations (NGOs) are now faced with increasing competition from increasing number of NGOs, new competitors mainly the private sector, reduced

donor funding due to the global financial crisis of 2007-8 and Global recession of 2008-2012, and increasing demands for greater Value for Money by donors and beneficiaries. As a result, NGOs are necessitated to adapt to the change and put in place strategies that will not only deliver on successful change but also build on their competitive advantage ensuring cost effective delivery of their core mandate and their survival into the future.

### **1.1.1 Concept of Organizational Change**

Organization change is both the process in which an organization changes its structure, strategies, operational methods, technologies or organizational culture to affect change within the organization and the effects of these changes on the organization. It can be continuous or occur for distinct periods of time. According to Burnes (2004), against a background of rapid technological development, a growing knowledge workforce and the shifting of accepted work practices, change is becoming an ever-present feature of organisational life both at an operational and strategic level. Consequently, organisational change cannot be separated from organisational strategy, or vice versa.

Ansoff and McDonnell (1990) agree that due to the dynamism & environmental turbulence, a firm should embrace a systematic approach that indicates the strategic and organizational changes necessary to assure a company's continued success in its future environment. A firm's performance potential is optimum when the following three conditions are met: the aggressiveness of the firm's strategic behaviour matches the turbulence of its environment; the responsiveness of the firm's capability matches the aggressiveness of its strategy; and the components of a firm's capability are

supportive of one another. Aosa (1998) agrees that failure of a firm to adjust to its environment puts at risk, its chances of future success.

Burke(2013) notes that organizations operate in open systems where they both obtain (inputs) process and give back (output) to the environment. This thus, makes them vulnerable to changes in the environment and organizations have to adapt to the environment if they are to be successful. The following principles are key in effecting effective change: first, recognition that external environment is changing more rapidly than ever before, making it tougher and tougher for organizations to change themselves rapidly enough, secondly organization members must see the need for change and embrace it, thirdly, recognition that there may be unintended consequences; fourthly, there will be resistance to change and fifth, leadership is key in a change process. Thus, effective organization change is grounded in sound knowledge about human behaviour in the workplace.

### **1.1.2 Concept of Strategy**

Strategy is the means by which long-term objectives are achieved. Business strategies may include geographic expansion, diversification, market penetration, retrenchment. It is a unifying theme that gives coherence and direction to the actions and decisions of an individual or organization. “Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder expectations” (Johnson et. al., 2008).

Strategy consists of the analysis, decisions, and actions an organization undertakes in order to create and sustain competitive advantages. This definition captures two main elements that go to the heart of strategy. First, the strategy of an organization entails

three ongoing processes: analysis, decisions, and actions. That is, strategy is concerned with the analysis of strategic goals (vision, mission, and strategic objectives) along with the analysis of the internal and external environment of the organization. Next, leaders must make strategic decisions (Porter, 1980).

According to Porter (1985), competitive strategy is the creation of a unique and valuable position, involving a different set of activities, requires one to make trade-offs in competing, to choose what not to do and creating Mintzberg (1994) notes four common approaches of strategy, one strategy as a plan providing a how means of getting from here to there. Two, as a pattern through actions over time, thirdly, strategy as a position that reflects decisions to offer particular products or services in particular markets and lastly strategy as a perspective, that is vision and direction. Porter (1996) argues that competitive strategy is about competitive position, differentiating oneself in the eyes of the customer. It means deliberately choosing a different set of activities to deliver a unique mix of value. Strategy guides organizations to superior performance through establishing competitive advantage. Strategy also acts as a vehicle for communication and co-ordination within organizations.

### **1.1.3 Concept of Competitive Advantage**

Competitive advantage denotes a firm's ability to achieve market superiority (Evans and Lindsay, 2011). According to Porter (1985), competition is at the core of success or failure of firms and competitive strategy is key to attaining competitive advantage. Porter (1985) argued that sustainable competitive advantage cannot be achieved through operational effectiveness alone but also on innovation and capability to offer superior products/services in a competitive market. According to Barney (1991), a firm

is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player. Passemard, D & Kleiner, B (2000) observe that successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players. According to Drucker (1973), managers must also consider how such advantages can be made sustainable. That is, how to create competitive advantages that are unique and valuable but also difficult for competitors to copy or substitute.

Organizations pursue competitive advantage so as to enjoy above normal returns relative to its rivals in the industry. Day and Wesley (1988) observe that organizations that have competitive advantage are able to achieve superior performance outcomes and superiority in production resources. For Non-Governmental Organizations, while the objectives for obtaining competitive advantage may differ from those of for profit organizations, the principles of competitive strategy do apply as they seek to obtain superior performance outcomes, mainly as they seek to deliver on their mandate in the most cost effective manner.

#### **1.1.4 Non-Governmental Organizations (NGOs) in Kenya**

The Non-Governmental Organizations Co-ordination Act 1990 (no. 19 of 1990), amended through the Kenya Gazette Supplement No. 85 (Act No.8) 23 October 1992, defines an NGO as “a private voluntary grouping of individuals or associations, not operated for profit or for other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and for the promotion of social welfare, development, charity or research in the areas inclusive of, but not restricted to, health, relief, agriculture, education, industry, and

the supply of amenities and services” (GoK 1990). NGOs have existed in Kenya since the pre-colonial times mainly engaging in philanthropic activities with specific focus on welfare: the provision of goods and services to the vulnerable communities. The scope and reach of NGOs in Kenya has reflected over the years; the need for basic services such as water, health, food, education on the ground, and availability of funding.

The availability and relative ease of access to funding from the pre-colonial times upto early 2000’s resulted into a proliferation of NGOs in Kenya. However, overtime, the increased numbers of NGOs competing for donor funding has constrained the amount and level of funding available for each NGO (*The Economist*, 2000). Kang’ethe (2013) notes that the NGO sector in Kenya is characterized by strong competition for funds from donors with some NGOs being forced to exit while others strive and make their presence stronger. To survive, the NGOs have to change with the dynamics of the industry (Porter, 1980).

### **1.1.5 Practical Action Eastern Africa**

Practical Action Eastern Africa (PAEA) is an INGO that has been delivering technology as its niche in the region for over 25 years and being an affiliate of the Practical Action Group based in the United Kingdom (UK), is registered in Kenya under the NGO Coordination Act No. 19 of 1990. Throughout this period, Practical Action has leveraged best practices learnt that yield high impact at scale into its programmes. PAEA delivers its work through three Goal areas: Firstly, Universal access to energy which seeks to increase access to modern energy services for cooking, lighting, communication and productive uses for poor households in Eastern Africa. Secondly, Food security, Agriculture and Disaster Risk Reduction which aims

at scaling up work on resilience to disasters, community based extension and maximising the impacts of devolved governance and funding. Thirdly, Water, sanitation and waste management services for urban dwellers which seek to increase access to basic services such as adequate water and sanitation facilities. (PAEA, 2013). In addition to the three main Goals, PAEA has three cross-cutting themes. These include: Gender and social Inclusion, Climate Change and Market Systems Development. PAEA also has two arms through which it scales up its operations and models from its work and that of others: Practical Action Consulting through which knowledge generated from our programmes outside our operational areas is replicated and shared with others; and Practical Answers, a demand-driven free-of-charge service, that provides customised information and knowledge products to individual enquirers through different media and formats. (PAEA, 2013)

PAEA has had presence in the region since mid-1980s when it was registered as a local NGO under the name Intermediate Technology (IT). With funding from its own resources, local and international donors and working with private partners and national NGOs, it made considerable technological innovations such as Kijito wind pump, micro (small) hydro energy projects such as Thima's pico hydro power project in Kirinyaga, self-pay toilet models etc. Leveraging on this success, PAEA expanded its boundaries into the greater Eastern Africa region and in 2005, rebranded itself changing its name to Practical Action. It currently has offices in Kigali (Rwanda), Nairobi, Lodwar, Mandera, Kisumu, Nakuru and Kajiado, with operations in Ethiopia through its consultancy arm. (PAEA, 2013)

PAEA has a 5 year strategy (2012/17) and now 2.5 years into its implementation. Through this strategy PAEA will leverage its best practices learnt over 25 years into programmes that yield high impact at scale within the region. With the strategic intent

and ambition clear, both its internal and external environment presents threats and opportunities that it must address and exploit respectively in order to succeed in the industry delivering high impact at scale and cost effective programmes. (PAEA, 2013).

## **1.2 Research Problem**

We live in an era of risk and instability. Globalization, new technologies, and greater transparency have combined to upend the business environment and give many CEOs a deep sense of unease. Since 1980 the volatility of business operating margins, largely static since the 1950s, has more than doubled, as has the size of the gap between winners (companies with high operating margins) and losers - those with low ones. (Harvard Business Review, Jul 2011). In a constantly changing world where the only constant is change itself organizations are faced with the key question of how do they adapt to the change so as to remain relevant and critically outperform their rivals/competitors. That is, how does an organization adapt to change so as to establish a competitive advantage?

The NGO sector in Kenya is faced with increasing competition from increasing number of NGOs, new competitors mainly the private sector and social enterprises, reduced donor funding due to the global financial crisis of 2007-8 and Global recession of 2008-2012, and increasing demands for greater Value for Money by donors and beneficiaries. As a result, NGOs are necessitated to adapt to the change and put in place strategies that will not only deliver on successful change but also build on their competitive advantage ensuring cost effective delivery of their core mandate and their survival into the future. The key challenge for NGOs now is how to adapt to the changing environment by undergoing organizational change and thus

building on their competitive advantage, by offering better products/services relative to their competitors. To survive, NGOs have to change with the dynamics of the industry (Porter, 1980).

Several studies on change management practices have been done in Kenya, Bwibo (2000) carried out a survey of strategic change management practices within non-governmental organizations in Kenya. Sikasa (2004) studied customer perception of change management practices in the mortgage industry, the case study of HFCK. Otiso (2008) studied strategic change management practices the case of Africa merchant Assurance Company while Nasimiyu (2013) carried out a study on the influence of change management on organizational performance. Studies on competitive advantage have also been done in Kenya, Gichungu (2012) carried out a study on strategic positioning as a basis of building sustainable competitive advantage in uchumi supermarkets in Kenya, Kasina (2012) studies strategic alignment as source of competitive advantage at Equity Bank (K) Ltd while Kang'ethe (2013) did a study on strategies employed by Practical Action Eastern Africa to develop competitive advantage.

The findings of the studies on organizational change agree that using change management models such as Kotter's 8 step model, Lewin's 3-step change model increase the success of a change process by reducing resistance to change, offering leadership and providing a framework for successful change implementation. On the other hand the findings of the studies on competitive advantage agree that by adapting to change through the pursuit of generic strategies such as cost, differentiation or focus a firm may establish competitive though it may differ one industry and context to another. However, these findings may not be generalized to explain organizational change as a strategy for competitive advantage in Practical Action Eastern

Africa. Thus, this study sought to fill the research gap by studying organizational change as a strategy for competitive advantage at Practical Action Eastern Africa.

### **1.3 Research Objectives**

The objective of this study was to establish

- i. What changes Practical Action Eastern Africa has undergone in the last 5-10 years;
- ii. Whether those changes had been as a result of planned management action intended to contribute to PAEA's competitive advantage; and
- iii. Whether those changes had actually contributed to PAEA's competitive advantage.

### **1.4 Value of the Study**

This study will provide insights to management of Practical Action Eastern Africa on how by embracing change the organization is building on its competitive advantage enabling it to outperform its competitors in the industry. It will give them valuable insights on how changes in both its internal and external environment is presenting it with both threats and opportunities to further consolidate its competitive advantage. The staff of Practical Action will also gain insights on how their individual contributions contribute to the success of the organization and by inference their own success through growth opportunities and job stability.

The findings of this study will provide other NGOs with understanding of how PAEA is using organizational change as a strategy for competitive advantage. They may apply the lessons in their own organizations, embracing the opportunities presented by change, while appreciating the competitor they have in the form for PAEA.

This study will also provide researchers and scholars with latest evidence on organization change as a strategy for competitive advantage. This may form the basis for further research on related areas such as whether the findings of this study can be replicated across similar sized NGOs in Kenya.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the theoretical and empirical literature on organizational change as a strategy for competitive advantage. Section 2.2 discusses the theoretical foundations, highlighting the relevant theories that form the core of the study. Section 2.3 looks at drivers of organizational change, Section 2.4 Managing Organizational change, Section 2.5 Challenges of implementing Organizational Change, Section 2.6 Competitive Advantage and Section 2.7 looks at Organizational change as a strategy for competitive advantage. Sections 2.3 to 2.7 looks at empirical literature that has been used and previous studies that have been reviewed in order to fill the research gap.

### **2.2 Theoretical Foundation of the Study**

This section reviews the relevant theories that explain the concepts of organizational change and competitive advantage. Among the theories reviewed include the Resource Based View and Competitive Advantage Theory.

#### **2.2.1 Resource Based View**

The Resource Based View as a basis for competitive advantage sees resources as key to superior firm performance. It supports the view that a firm utilizes its valuable tangible or intangible resources and capabilities to create a competitive advantage that ultimately results in superior value creation. According to RBV proponents, it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. In RBV model, resources are given the major role in helping companies to achieve higher organizational performance.

The resource based theory of competitive advantage also receives support from Porter (1990) who notes that for an organization to gain competitive advantage there is need to frequently continue to develop its resources. He also notes that the ability to develop resources depends on a firm's strategic direction. Petaraf (1993) also supports the resource based theory of competitive advantage by providing that firms are fundamentally heterogeneous in terms of resources and internal capabilities and this heterogeneity is an important factor in gaining competitive advantage.

### **2.2.2 Competitive Advantage Theory**

Porter (1990) developed the theory of competitive advantage. This theory is based on two central questions that underlie the choice of competitive strategy. The first is the attractiveness of industries for long-term profitability and the factors that determine it. Different industries offer different opportunities for sustained profitability. The second central question is the determinants of relative competitive position within an industry. In most industries profitability varies from one firm to another. Porter identified two basic types of competitive advantage (positional advantages): cost and differentiation. A cost advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself relative to its competitors/rivals.

Competitive advantage that has been acquired through competitive strategy can be lost over time. Porter argues that both industry attractiveness and competitive position are dynamic and can change and competitive position reflects an unending battle among competitors. And, even long periods of stability can be abruptly ended by

competitive moves. Thus, for a firm to be competitive its choice of strategy should not only respond to the environment but also attempt to shape that environment in a firm's favor (Porter, 1990)

### **2.3 Drivers of Organizational Change**

Zhou et al (2006) did a study on organizational change in emerging economies: drivers and consequences. The study studied the drivers and consequences of organizational changes in an emerging economy, China. The results of the firm level survey noted that organizational changes in technical v administrative areas are differentially driven by firms' motivation to change (past performance), opportunity to change (firm location and market orientation), and capability to change (firm ownership, manager's change attitude, and leader charisma). The study further noted that technical and administrative changes affect firm performance through distinct paths. Technical changes have a direct, positive impact on performance, whereas administrative changes enhance firm performance indirectly through technical changes, and whose effect is strengthened by the presence of a participative culture.

Mugambi (2013) carried out a study on the Human Dimension of Change Management in Universities in Kenya. The study findings noted that there are both internal factors (efficiency and performance; cost and quality of products, need for growth, leaders' interest and the need to reduce dependence on support) and external factors (changing customer needs, competition, technology, Industry benchmark, industry position, global competition) that drive change in Organizations. Bwibo (2000) carried out a survey of strategic change management practices within non-governmental organizations in Kenya. Findings of the survey indicated that factors which have influenced change within Non Governmental Organizations in Kenya

include donor requirements, decline in resources, stakeholders and arrival of new chief executive.

Hauser Center (2010) did case studies on adaptation and change in Six Globalizing NGOs: Drivers, Tensions and Lessons. Findings of the case studies noted the following key drivers of change: increasing impact and efficiency (better fulfilling the organization's mission); managing growth and risk (changes have sought to build effective structures/systems to manage continued growth, and manage risks related to insecurity, lack of coordination, compliance and slow decision making); and enhancing diversity and equity (reflect wider perspectives/voices, including in governance and a sense of equity and joint ownership among members).

## **2.4 Managing Organizational Change**

Schuetz et. al. (2013) did a case study of Organizational Change underlying Technical Infrastructure Optimization at eBay Inc. The study focused on the organizational changes necessary at eBay Inc. to support the development and operation of efficient data center infrastructure, hardware and software. Findings of the study noted the following key success factors: committed leaders driving the transformation, support of the executive team, individual accountability to infrastructure efficiency, constant communication and collaboration throughout all layers of the organization, and alignment of the technical infrastructure with business value.

Mbuthia (2012) did a study on management of strategic change at British American Tobacco Kenya Limited (BAT) using a case study. Findings of the study noted that BAT is very responsive to changes in the business environment and adaptation to change is reflected at the micro and macro business levels. The study also noted the strategic change management process was characterized by communication of

strategy, conducting general change readiness assessments, and constant review of its micro and macro environment with a view to change planning and management. The study concluded that the firm's human capital, through a knowledge management approach, presents its most critical competitive weapon since it will largely be difficult to imitate. Bwibo (2000) carried out a survey of strategic change management practices within non-governmental organizations in Kenya. Findings of the survey note that effective and successful strategic change management depends on how the change initiators and agents manage such variables as strategy communication, employee involvement, employee empowerment, resistance to change and other related challenges.

Hauser Center (2010) did case studies on adaptation and change in Six Globalizing NGOs: Drivers, Tensions and Lessons. Findings of the study noted the following five key lessons in managing organizational change: One thing leads to another – a structure or governance system that is relevant today may not be in the near future; Leadership is important – leaders who can transcend narrow interests and advance a bold vision are critical; Focus on culture as well as structure – strive for efficiency in structure and inclusiveness of an enabling culture; build confidence in cooperation to increase coordination and integration; and lastly confront the political issues, creating a distinctive culture and aspirations of the organization by working out through a process that is inherently political.

## **2.5 Challenges of Implementing Organizational Change**

McGrath (2001) did a study on Organizational change at the London Ambulance Service. Findings of the study noted that effective change should provide a solution to a need and a negotiated process of systemic change, encouraging user input

contributes to less resistance. However, the study also noted that new displacements may occur during the change, upsetting the equilibrium, making organizational change precarious and unpredictable.

Mbuthia (2012) did a study on management of strategic change at British American Tobacco Kenya Limited (BAT) using a case study. The study noted that lack of enough information, organization structure, culture, lack of trust, threats to job security and competing commitments contribute to resistance to change. The study also noted that by either increasing the driving forces or decreasing the resisting forces, incorporating change management aspects in project work and optimizing the relationship between the social (people) and technical systems, resistance to change was minimised.

Spector (2007) describes, the existence of conflicting tasks might be experienced leading to other major problems like reporting conflict, redundancy, unhealthy politics, lack of clarity in use of resources and above all the breakdown of communication systems. Cole (1995) also concludes that a lot of resistance is marked when organization structure changes because people lose their identity and power base. These are factors that may hinder the change process which together lead to competitive disadvantage. The organization should identify its strategy clearly and decide on the structure it can use, bearing in mind that structures are difficult to change in future as they shape every part of the firm. For a successful change process, the organization structure should be formally adjusted to align it with the change.

## **2.6 Competitive Advantage**

Phan (2002) did a study on E-business development for competitive advantages at Intel. The study findings noted that gaining competitive advantage requires building

on the proven principles of effective strategy. Key success factors include maintaining distinctive strategic positioning, using e-business technology to improve efficiency and competitive advantage, maintaining support from top management, putting emphasis on the quality of e-business operations, and maintaining good system security. The study concluded, by using e-business to enhance its distinctive positioning, operational efficiency, and competitiveness, Intel has continued to strengthen its strategic position in the global market. Ali (2012) did a study on developing sustainable competitive advantage by Barclays Bank of Kenya Limited. The objective was to determine the strategies that Barclays Bank of Kenya (BBK) adopts to achieve sustainable competitive advantage. Findings of the study show that BBK pursues a low cost strategy that produces economic performance superior to rivals and then pursues defensive strategies to defend this position from competition, thus achieve high sustainable performance. The study concluded that with the dynamic business environment, organizations should undertake to align their strategies to the ever changing demands of external environment. All managerial tasks including resource allocation and organization design should be directed at building the firm's market position.

Abudho et. al. (2013) did a study on the impact of organization characteristics on sustainable competitive advantage during strategic change in Airlines. Findings of the study noted that the three elements of organization characteristics namely business process, culture and structure are interlinked and are disrupted during strategic change and require integration to help build sustainable competitive advantage. The study concluded that these characteristics should be viewed as subsystems that depend on each other to build sustainable competitive advantage during strategic change.

Awino et. al. (2012) did a study on Total Quality and Competitive Advantage of firms in the horticultural industry in Kenya. Findings of the study confirm that total quality has a strong and positive impact on competitive advantage, even though in Kenya the level of implementation of total quality is low. The study also found poor evidence of the leadership concept and linkage between the concept of performance measurement, customer focus and competitive advantage. The study noted, operational effectiveness is key at low levels of total quality implementation ensuring higher levels of efficiency and effectiveness; levels of precision and flexibility will be required. As the companies improve, a holistic view of total quality should be brought ensuring sustained competitive advantage.

## **2.7 Organizational Change as a Strategy for Competitive Advantage**

Hauser Center (2010) did case studies on adaptation and change in six globalizing NGOs: Drivers, Tensions and Lessons. The study findings indicated that every international NGO seeking to become more effective and relevant constantly confronts external/internal challenges that demand adaptation and change (“drivers”), weighs trade-offs and manages tensions to make forward-looking decisions (“tensions”), and learns from their and others’ experiences (“lessons”).

Gichungu (2012) did a study on strategic positioning as a basis of building sustainable competitive advantage in Uchumi Supermarkets in Kenya. The study focused on the causes of business decline and the competitive strategies employed to revive the supermarket. The study noted that by adopting competitive strategies (strategic planning, rebranding, customer service, recapitalization, sales management, cost maximization and enhancing the internal customer), the organization was able to strategically reposition itself, thus acquiring competitive advantage. The study noted

that due to the fact that companies differ, it is therefore paramount, that the strategies put in place are conscious and suitable to that particular situation.

Nasimiyu (2013) did a study on the influence of change management on organizational performance in Kenya Revenue Authority. Findings of the study show that Information Technology, Organization Culture, Structure, experience and calibre of staff have an influence on organizational performance. The study noted that lack of proper knowledge poses a challenge in change management to a great extent while compatibility of the different systems causes a challenge in management to a moderate extent.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter contains the description of the methodology that was used for the study. It covers the research design, data collection method and the data analysis method.

### **3.2 Research Design**

The research design was a case study. This method provided a sound basis for gathering insightful information from the respondents of the organization on how Practical Action Eastern Africa is leveraging on organizational change as a strategy for competitive advantage. Previous studies of similar nature have used this method such as (Kang'ethe 2013), (Muhoro 2004), (Koske 2003) and (Nyamweya 2004).

The case study method provided a means of identifying specific interviewees who provided in-depth information of the organizational change Practical Eastern Africa has gone through and how it has leveraged on the organizational change to drive its competitive advantage. According to Bromley (1990), a case study is a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest.

### **3.3 Data Collection**

Data was collected from both primary and secondary sources to assist in obtaining the information required to meet the objectives of the study. Primary data was collected using interview guide comprising of open-ended questions. The target number of respondents were eight, three from top management, four from middle level management and one from the Communications team. The selection comprised respondents across Practical Action office locations in the region and covered all

areas of operations of the organization. The interview guide contained open ended questions designed to establish the organizational change Practical Action Eastern Africa has gone through, whether that change was as a result of deliberate management action and how those changes have translated into competitive advantage, if any.

The researcher conducted a mix of both interviews via email and direct, personally administered skype interviews. The email interviews provided a convenient way of data collection while the skype interviews provided an in-depth understanding of the respondents. Secondary data was obtained from the organization's strategic plan, programme documents, annual review reports, newsletters and its website.

### **3.4 Data Analysis**

The data analysis sought to establish the organizational change that Practical Action Eastern Africa has gone through, whether this was as a result of deliberate management action and how it has translated into competitive advantage. This being a qualitative study, qualitative data analysis was used.

Data from both interview and secondary sources was analyzed using content analysis, which is best suited for qualitative data. The data was coded and categorized before being analyzed using content analysis. According to Holsti (1968), content analysis is any technique for making inferences by systematically and objectively identifying special characteristics of messages. Objective analysis of messages conveyed in the data being analyzed was accomplished by means of explicit rules called 'criteria of selection', which were formally established before the actual analysis of data. According to (Selltitz et al., 1967) the criteria of selection used in any content analysis must be sufficiently exhaustive to account for each variation of message content and

must be rigidly and consistently applied so that other researchers or readers, looking at the same messages, would obtain the same or comparable results. This may be considered a kind of reliability of the measures, and a validation of eventual findings.

## **CHAPTER 4: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter details findings of the research project based on the analysis and interpretations of both primary and secondary data as per the research methodology. Regional Management Team, middle level management and general staff were interviewed using the interview guide so as to achieve the objectives of the study.

### **4.2 Organization Profile – Practical Action Eastern Africa**

Practical Action is an International Non-Governmental organization that uses technology to challenge poverty in the Eastern Africa Region. The main purpose of the organization as revealed from the findings is to work with poor and marginalized communities to increase their access to services, information and build their capacity to improve their lives. The organization achieves this through technology which enables poor communities to build on their skills and knowledge to produce sustainable and practical solutions that have the potential of transforming their lives and protecting the world around them. Review of secondary data such as the 2012-17 strategic plan and programme documents indicate that the organization is engaged in programme delivery work organized under three themes; Universal Access to Energy; Food, Agriculture and Disaster Risk Reduction and Urban Services. Cross cutting themes are Climate Change, Gender and Market Systems Development. It was also established that the organization is involved in research especially in areas related to provision of renewable energy to various communities, provision of consultancy services and knowledge brokerage. The organization assists in promoting the uptake of new technology among the communities where it operates.

It is evident from the study findings that the ultimate goal of PAEA is to enable communities to appropriately utilize technology in fighting poverty which is one of the millennium development goals provided by the United Nations. The respondents confirmed that the organization achieves this goal by building the capabilities of the poor and improving their access to technology options and knowledge that can influence social, economical and institutional systems of innovation.

### **4.3 Drivers of Organizational Change**

The respondents indicated that there are both key internal and external drivers of organizational change at PAEA. Among the cited key internal drivers include the organization's vision, mission and values, which drive the organization to strive to deliver greater impacts at scale in a cost effective manner and further enhance its competitive advantage as a technology focussed INGO. Other cited internal drivers include management ambition, which sets ambitious targets for the organization and internal drive for greater efficiency and effectiveness, such as a lean cost structure, and thus deliver greater value for money. Some of the cited external drivers include, highly competitive funding environment, increasing competition from traditional competitors, peer INGOs and also from new competitors mainly new Energy themed INGOS, local NGOs and the private sector, increasing demands for greater value for money by donors and technological advancements. The respondents cited the main peer INGO competitors to be Oxfam, Save the Children, Christian Aid, Pact, Plan International, PATH, Action Aid, AMREF, VSF, Care International, SNV, Concern Worldwide, among many other development INGOs.

## **4.4 Organizational Change at Practical Action Eastern Africa**

The study sought to establish the organizational changes PAEA has undergone in the last 5-10 years in order to drive its competitive advantage in an increasingly crowded & competitive environment with reducing funding resources. Using the McKinsey 7S model, the following 7 elements were reviewed for change, Strategy, Structure, Systems, Skills, Style, Staff and Shared Values.

### **4.4.1 Organizational Change in Strategy**

Findings of the study reveal that PAEA is now in its 3rd strategy in the last 12 years, having had 2002-7 strategy; 2007-12 strategy and now 2012-2017 strategy. PAEA articulates its objectives over a 5 year period reflecting its vision, mission and values, and importantly aligns itself with both its external environment exploiting opportunities while addressing the threats; and its internal environment, maximising on its strengths and addressing its weaknesses. The strategy is thus geared at enhancing its competitive advantage in a very dynamic and challenging operating environment. Cited changes in strategy include, in the current 2012/17 strategy Access to Energy is now a main theme, driving access to energy by poor communities for lighting, cooking and livelihoods purposes. In the previous strategy 2007-12, access to Energy was a cross-cutting theme. This change in strategy reflects the needs of communities on the ground, alignment with Millenium Development goals as espoused by the United Nations organization and also maximising on PAEA's experience and expertise in the region.

### **4.4.2 Organizational Change in Structure**

It was also evident that PAEA has undergone changes in its Structure, aligning it with its strategy and ensuring a lean and cost effective structure. Findings of the study note

that through a lean and cost effective structure, PAEA is able to deliver more using less management/administrative costs and thus deliver greater value for money to not only its beneficiaries but also to donors. The study further established that the organization has adopted a flatter organizational structure that is aligned with its strategic intent of delivering more through partnerships. This not only enables it to deliver more at scale but also form strategic local partnerships that mainstream sustainability of its programmatic interventions. A cited example by the respondents is the change in the structure implemented in the current strategy dealing away with one layer of middle management staff. The resultant flatter structure is thus not only lean and cost effective but also reflects the strategic intent of implementing programmes more through partners as opposed to being directly operational.

#### **4.4.3 Organizational Change in Systems**

The respondents indicated that PAEA strengthens its competitiveness by focussing on continuous improvement of its Systems. This is done with the objective of ensuring its systems, both formal and informal policies and procedures, are efficient and effective relative to its competitors. PAEA adopts a participatory review of its systems where both the end user, management and Head Office input into its systems development. It further benchmarks its systems against peer INGOs ensuring best practice, further enhancing its competitive advantage. Some of the examples provided include the monitoring and evaluation tool called Key Performance Indicators (KPI) continuously improved with inputs from in-country project management teams. Some of the challenges cited include limited resources and time lag in systems implementation.

#### **4.4.4 Organizational Change in Skills**

The study also revealed that the organization has undergone change in its skills (capabilities and competencies), aligning them with the strategy and focussing on sharpening skills relevant to its niche segment of technology. There was a clear indication that the organization has focussed on distinctive capabilities and competencies on low cost, affordable technologies which differentiates it from its competitors. Cited examples include innovations on low cost technologies on waste management, cooking stoves, water harvesting among others. The study also revealed that the organization partners with other institutions such as technology academic & research institutions to further cement it's position at the forefront of cutting-edge technological solutions delivering affordable services to the poor communities.

#### **4.4.5 Organizational Change in Style**

The respondents further confirmed that PAEA has undergone changes in its Style (leadership approach of top management and its overall operating approach). In the last 5 years the organization has adopted a more open, participatory and listening approach to management. This more open approach has empowered all staff irrespective of their position to contribute to the competitive edge of the organization. The study further revealed a more transformative leadership style that enables the organization to be more creative, collaborative and deliver at PACE. This has enabled the organization to remain relevant and competitive in a very competitive environment. Some of the examples cited by the respondents include staff participation in strategic planning, annual and quarterly reviews.

#### **4.4.6 Organizational Change in Staff**

The study further revealed that PAEA has undergone changes in staff (staff turnover, training, motivation and development). The organization has been faced with staff turnover as a result of changes in structure and also staff leaving for employment with other organizations offering better reward. The study revealed that especially in the last 5 years, PAEA has invested in staff training, motivation and development with resultant increase in staff productivity and thus increasing its competitiveness relative to its rivals. Some of the cited staff trainings and development opportunities, include Self Leadership courses, staff development incorporated in the formal staff performance management system. The study noted that especially in the last 5 years, the organization has lost a significant number of its key technology staff. This has been both a threat and opportunity to the organization; while the loss of the staff presented a loss in its institutional memory & key competence, it also provided an opportunity for strategic alliances with private sector, research and technical institutions on technology. The study also noted that limited internal resources has impaired PAEA's ability to offer competitive rewards relative to its competitor INGOs, thus contributing to staff turnover.

#### **4.4.7 Organizational Change in Shared Values**

The respondents further confirmed that PAEA has undergone changes in its shared values. The organization has adopted, pace, creativity and collaboration in its current strategy reflecting its desire to deliver its programmes at pace, with great creativity and collaboration. Delivering more using limited resources at pace, in a creative manner and with greater collaboration with other stakeholders, PAEA has been able to reach more beneficiaries and thus deliver greater value for money. Some of the

examples cited by the respondents include consortia funding and programme delivery with peer INGOs in multi-country programmes. The respondents further confirmed adoption of shared values such as openness, fairness, respect, participation, transparency, accountability across the whole organization. It was said that these values, have greatly contributed to the organization being able to undergo change successfully and emerge even stronger.

#### **4.5 Organizational Change as a Strategy for Competitive Advantage**

The researcher sought to investigate whether the organizational changes were as a result of deliberate management action. It was evident from the study findings that the main determinant of the organizational changes emanated from a SWOT analysis of the organization and its environment. The respondents indicated that PAEA seeks to maximise on its strengths while addressing its weaknesses. One such cited example, is the critical review of its cost structure and taking deliberate strategies to have a lean and cost effective structure. By developing strategies to address its weaknesses and maximise on its strengths such as technology niche, the organization is able to further engage its competitive advantage. The study further confirmed that management deliberately and constantly scans its environment for opportunities such as working in consortia, forming strategic alliances with peer INGOs such as in accessing USAID funding. This is coupled with the understanding of the potential negative effects of threats to its competitive advantage and taking deliberate actions to address those threats. One cited example of addressing such threats, is the formation of strategic partnerships with private sector converting a potential competitor into a strategic partner.

The study further sought to establish whether those organizational changes have resulted into competitive advantage for Practical Action Eastern Africa. The respondents noted that changes in organizational strategy over 5 year periods, has enabled the organization to offer solutions that are not only relevant but also grounded in latest technology. These low-cost affordable, relevant and cutting-edge technology solutions have enabled the organization to deliver better products/services relative to its competitors further enhancing its competitive edge. The respondents cited changes in organizational structure, have contributed to PAEA's competitive advantage in two ways, by offering low costs products/services, greater value for money, and also adopting a flatter structure, that enables effective partnering with other delivery partners ensuring greater beneficiaries reach at minimum cost. It was also cited that changes in organizational systems have enabled a lean and nimble organization that can effectively respond to opportunities and threats in its external environment. One cited example, is the use of its consulting arm to deliver programmes in new geographical areas at minimal cost. The respondents further confirmed that one of the key contributors to the organization's competitive advantage is its distinctive skills (distinctive capabilities and competencies). It was cited that PAEA's distinctive capability and competence as a technology organization not only differentiates it from its competitors but also enables it to offer low cost products and services. The respondents further confirmed the adoption of an open and transformative leadership style as key to the organization's ability to anticipate change and actually change, exploiting opportunities, minimising threats, maximising on its strengths and addressing its weaknesses, which have further enhanced the organizations competitive advantage. The respondents indicated that staff turnover presented a challenge to the organization in terms of loss of institutional memory, while presenting opportunities

for formation of strategic alliances with like minded institutions such as Technical, research institutions, peer INGOs and local NGOs. Staff training, motivation and development contributed to sharpening of the organizations competitive advantage through enhancement of distinctive capabilities and competencies. Finally, the respondents observed that changes in the shared values, have made the organization to be more responsive, open and accountable to its mission, beneficiaries, donors, staff and partners, making it a partner, employee of choice, further enhancing its competitive advantage.

#### **4.6 Challenges of Implementing Organizational Change as a Strategy for Competitive Advantage**

The researcher also sought to understand some of the challenges the organization faces in going through organizational change and their effect on its competitive advantage. The respondents cited limited resources, disruption to programme delivery, resistance to change, uncertainty and thus low staff morale, staff turnover, such as the loss of key technology staff and related loss of key institutional memory as some of the key challenges. The respondents also noted that the above challenges limit the organization's ability to fully realize the benefits of organizational change on its competitive advantage. One cited example, was low staff productivity due to staff uncertainty and low morale and thus reducing the organization's competitiveness. The respondents noted that the organization has adopted a humane and open approach in implementing change ensuring a harmonious change management process with limited collateral damage. To minimise on the impact of loss of institutional memory, strategic alliances are formed with like minded organizations to ensure continuity. One cited example, is partnerships with technology institutions such as academic and research institutions.

## **4.7 Discussion**

### **4.7.1 Comparison with Theory**

The study confirmed that PAEA's internal resources are key to its superior performance. It was clear that by using its valuable tangible or intangible resources and capabilities, the organization is able to create and sustain a competitive advantage that ultimately results in superior value creation. This position is supported by the Resource based View, which argues that resources are given the major role in helping companies to achieve higher organizational performance. This position is also supported by Porter (1990) who notes that for an organization to gain competitive advantage there is need to frequently continue to develop its resources. He also notes that the ability to develop resources depends on a firm's strategic direction. Grant (1991) also argued that the starting point of strategy formulation should be looking at what resources the firm possesses and then assesses their potential for value generation then defines a strategy that will allow capturing the maximum value in a sustainable way. The study findings that PAEA utilizes the brand name and experience that it has accumulated for over 25 years it has been in operation to cut a niche for itself among its competitors, further lending credence to the Resource Based View. This accumulated experience provides PAEA with an inimitable resource further building on its competitive advantage. The findings of the study that PAEA continuously scans its environment, anticipating and adopting change is in agreement with Porter (1990) who observes that there is need for an organization to take note of and adapt to unforeseeable changes that are likely to reduce the competitive advantage of that organization.

The study established that the organization focuses on its internal resources such as brand name, more than 25 years of experience, human resources and capital resources to enhance its competitive advantage due to their inimitable nature. Porter (1990) in the theory of competitive advantage considers such resources as the determinants of competitive advantage. This further supports the Resource Based View through the assessment of internal competencies to determine ability to implement the strategy, 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.

Findings of the study note that through its shared values of PACE, creativity and collaboration, PAEA enters into partnerships and collaborates with other similar organizations in order to leverage on each other's competencies and gain competitive advantage. Ireland, Hitt, and Vaidyanath (2002) note strategic alliance as a source of competitive advantage. They assert that strategic alliances are an important source of resources and learning thereby creating competitive advantage.

Findings of the study confirm that an organization can undertake a successful change in its internal resources and thus strengthen its competitive advantage by using the McKinsey 7S model. The main challenges in undergoing organizational change were limited resources, resistance to change, disruptions to programme delivery, staff turnover and related loss of institutional memory.

#### **4.7.2 Comparison with Other Studies**

The study established that PAEA has adopted deliberate and conscious organizational change as a strategy for competitive advantage. This has been achieved through continuous review of its internal resources changing how they are developed and

utilised ensuring greater efficiency and effectiveness thus building on its competitive advantage. This finding is supported by a study carried out by Kangethe (2013) on strategies employed by Practical Action Eastern Africa to develop competitive advantage. Her study noted that PAEA utilizes the experience that it has accumulated for over 25 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 PAEA with a competitive advantage.

The study also confirmed that PAEA has achieved a low cost strategy by continuously reviewing and adopting a lean structure, efficient and motivated staff thus delivering in a cost effective manner. This has enabled the organization to deliver greater value for money programme interventions making it a preferred development partner for beneficiaries, donors and implementors alike, further cementing its competitive advantage. This finding has been supported by a study by Musia (2013) on factors influencing competitive advantage by East African Breweries within Beer Manufacturing Sector in Kenya. The study confirmed that by adopting lower costs of alcohol production relative to its rivals, East African Breweries was able to achieve competitive advantage.

It was evident in the study that by focusing on its skills, distinctive capabilities and competencies, PAEA has achieved an innovation strategy. 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 PAEA, 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, PAEA senior management supports and invests in innovation. PAEA has also used the same skills and staff resource to reach niche segments which are considered as hard to reach areas by other development INGOs. The organization reaches out to beneficiaries in these areas with tangible outcomes and evidence that assures the donor community of its high performing ability. This finding agrees with a study by Nyokabi (2001) on competitive strategies adopted by Kenya Independent Petroleum Association which revealed that petroleum retail outlets have targeted customer groups who receive different nature of products and services. PAEA targets the most remote parts of North Eastern Kenya to implement pro-poor projects that reduce vulnerability and increase resilience of beneficiaries.

## **CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents a summary of findings on organizational change as a strategy for competitive advantage at Practical Action Eastern Africa (PAEA). 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**

Findings of the study reveal that PAEA mainly competes with other INGOs and to a now increasing extent, new Energy themed INGOs, local NGOs and private sector companies. Competition is mainly for donor funding, geographical footprint, qualified human resources, recognition and visibility in the development sector among other components. Findings of the study confirmed that there has been declining donor funding, which has brought about stiff competition for the same. Further, donors are now more than ever before demanding for greater value for money for funds given. The study established that PAEA consciously plans for and adopts change as a strategy for remaining competitive relative to its rivals.

In planning and undergoing Organizational change, PAEA reviewed elements proposed in the McKinsey 7S' (Strategy, Structure, Systems, Skills, Style, Staff, and Shared values) model to enhance its competitive advantage. The organization undergoes change in its strategy every five years, changes its structure to align with the strategy, changes its systems to ensure efficiency and effectiveness, adopts an effective leadership style, ensures it has the right staff with right skills, motivation

&development and ensures shared values that live the organization's vision and mission.

By adopting a lean and effective structure, efficient and effective systems and effective leadership style, PAEA has been able to adopt a low cost strategy in deliver programmes at low cost and greater reach. This low cost strategy is key in driving PAEA's sustainable competitive advantage. By effectively using its skills, distinctive capabilities and competencies, 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.

Practical Action Eastern Africa has continuously improved on its shared values, adopting PACE, creativity and collaboration in its current 2012/17 strategy. Findings of the study noted that it has used creativity to drive an innovation strategy introducing 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.

### **5.3 Conclusion**

PAEA competes for donor funding, geographical footprint, staff, recognition, partnership, visibility and profile among donors and relevant stakeholders. In the last 5-10 years Practical Action Eastern Africa has undergone changes in its strategy, structure, systems, skills, style, staff and shared values, supporting the McKinsey 7S' model of Change Management. By embracing organizational change, PAEA employs its distinctive tangible and intangible internal resources to enhance its competitive advantage.

Findings of the study reveal that the changes have been mainly as a result of planned management action intended to strengthen PAEA's competitive advantage. While findings of the study attribute the changes to deliberate and planned management action, they further reveal that the drive for the changes has been influenced by both internal drivers such as organization vision and mission, management ambition and also external drivers such as increasing competition, reducing donor funding, technological changes, climate change and increasing demand for value for money by donors.

The study findings support that by anticipating and planning for change, PAEA has been able to maintain its competitive advantage by achieving low cost, innovation and differentiation strategies through offering low cost and affordable technologies in its programme areas of Food and Agriculture and Disaster Risk Reduction, Access to Energy and Urban Water, Sanitation, Hygiene and Waste Management. The study further revealed that in implementing organizational change, PAEA faces the challenges of limited resources, resistance to change, disruption to programme delivery, staff turnover and loss of institutional memory. These challenges affect its ability and pace to effectively change and thus fully realize the benefits of organizational change on its competitive advantage.

#### **5.4 Recommendations**

The study confirmed that PAEA is continuously undergoing change in any one of the 7S elements of Strategy, Structure, Systems, Skills, Style, Staff and Shared values, seeking to improve on the efficient and effective use of its internal resources, further enhancing its competitive advantage. Other development INGOs and local NGOs

should be encouraged to anticipate for and adopt change so that they can also enhance their competitiveness.

The study also confirmed that challenges PAEA faces in implementing organizational change include limited resources, resistance to change, staff turnover, disruption to programme delivery and loss of institutional memory. To fully realize the benefits of organizational change and competitive advantage, PAEA and other INGOs need to find ways of minimising the disruptive influence of change.

### **5.5 Limitations of the Study**

This being a case study, findings of the study cannot be used to make inferences of the whole NGO sector. The findings in this study cannot be generalized to apply to all categories of NGOs within the NGO sector. The study was based on a development INGO and thus there might be limitations in applying the findings to other categories such as local NGOs, humanitarian/relief NGOs among others.

The major challenge in terms of respondents was that the data collection related to a period of the last 5-10 years. Not all of the respondents had stayed in the organization for that long, further supporting the study finding of loss of institutional memory due to staff turnover. The busy schedules of some of the respondents also required prompting and follow-ups to get the responses.

### **5.6 Suggestions for Further Research**

This study focused on PAEA. A survey of INGOs operating in Kenya may be beneficial in establishing how other INGOs are adopting organizational change as a strategy for competitive advantage. A survey of local NGOs operating in Kenya will

be important in establishing how local NGOs are adopting organizational change as a strategy for competitive advantage.

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## APPENDICES

### Appendix I: Introduction Letter

September, 2014  
University of Nairobi,  
MBA Programme  
P.O Box 30197  
Nairobi, Kenya

To: The Manager,

Dear Sir/Madam

#### **RE: COLLECTION OF CASE STUDY DATA**

I am a student of the University of Nairobi, pursuing a Masters of Business Administration degree. In partial fulfillment of the requirements for this degree, I am required to carry out a management research project on a real topic in my area of study. I am conducting a case study on “Organizational Change as a strategy for Competitive Advantage at Practical Action Eastern Africa”.

The research is purely for academic purposes and I am glad to inform you that your input will form part of the case study. I would request your assistance in filling the attached interview guide to the best of your knowledge. Please be informed that any information given will be treated with utmost confidentiality.

Yours faithfully,

Elisha Juma

Florence Muindi

Sign.....

Sign.....

Date.....

Date.....

**(Researcher)**

**(Supervisor)**

## **Appendix II: Interview Guide**

**Please answer all questions honestly according to the given instructions**

### **SECTION A: PROFILE OF RESPONDENT**

**Complete this section by answering the below questions.**

1. How many years have you worked in PAEA?
2. What is your job title?
3. Which level of management are you in?
4. Which Goal/department are you in?

### **SECTION B: ORGANIZATIONAL CHANGE AS A STRATEGY FOR COMPETITIVE ADVANTAGE**

1. What are the major products/services offered by PAEA? Please list.
2. Who are the major competitors of PAEA in the market? Please list.
3. What does PAEA compete for with other players in the NGO sector? Please list them
4. How would you describe the nature and level of competition faced by PAEA from the local and International NGOs? Please elaborate
5. What changes has PAEA gone through in its strategy in the last 5-10 years? Please elaborate.
6. How have those changes in strategy helped PAEA's ability to offer products/services that are different/superior/better compared to its competitors (competitive advantage)?
7. What changes has PAEA gone through in its structure in the last 5-10 years? Please elaborate.
8. How have those changes in structure helped PAEA's ability to offer products/services that are different/superior/better compared to its competitors (competitive advantage)?
9. What changes has PAEA gone through in its systems (formal and informal organizational policies and procedures) in the last 5-10 years?

10. How have those changes in systems helped PAEA's ability to offer products/services that are different/superior/better compared to its competitors (competitive advantage)? Please elaborate.
11. What changes has PAEA gone through in its skills (its capabilities and competencies) in the last 5-10 years?
12. How have those changes in skills helped PAEA's ability to offer products/services that are different/superior/better compared to its competitors (competitive advantage)? Please elaborate.
13. What changes has PAEA gone through in its style (leadership approach of top management and its overall operating approach) in the last 5-10 years?
14. How have those changes in style helped PAEA's ability to offer products/services that are different/superior/better compared to its competitors (competitive advantage)? Please elaborate.
15. What changes has PAEA gone through in its staff (staff training, motivation and development) in the last 5-10 years?
16. How have those changes in staff helped PAEA's ability to offer products/services that are different/superior/better compared to its competitors (competitive advantage)? Please elaborate.
17. What changes has PAEA gone through in its shared values (the values and beliefs of the company) in the last 5-10 years?
18. How have those changes in shared values helped PAEA's ability to offer products/services that are different/superior/better compared to its competitors (competitive advantage)?
19. Would you attribute the above changes to a deliberate management action intended to offer products/services that are different/superior/better compared to its competitors (competitive advantage)? Please elaborate.
20. What challenges has PAEA faced in managing the changes above?
21. How does Management deal with challenges mentioned in 19 above to ensure sustained offering of different/superior/better products/services (competitive advantage)?
22. Is there any other information you would want to share about how PAEA ensures it remains competitive in a dynamic, competitive and changing environment?