Contributions of Cost Leadership and Differentiation Strategies on Customer Satisfaction at Mombasa Water Supply and Sanitation Company, Kenya

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ABSTRACT

This study examines the contributions of cost leadership and differentiation strategies on customer satisfaction at Mombasa Water Supply and Sanitation Company. The specific objectives for this study was to establish measures Mombasa Water Supply and Sanitation Company limited has undertaken to achieve cost leadership; to determine the contributions of differentiation as a strategic management principle on customers' satisfaction and to provide recommendations on how to improve customer satisfaction at Mombasa Water Supply and Sanitation Company. The metrics for measuring customers' satisfaction are customer retention; fewer customers' complaints and less number of referrals. Descriptive research design is used in the study and the self-administered questionnaire that collected both quantitative and qualitative data were sent directly to the respondents. Before processing the responses, the completed questionnaires were edited for completeness and consistency. Both qualitative and quantitative research techniques have been used. The target population were both public staff working at Mombasa County Water Supply and Sanitation sector and customers from public and private institutions. The stratified random sampling was used to draw a sample of 300 that include management staff working at Mombasa Water Supply and Sanitation Company, Coast Water Services Board, Mombasa County Government (formerly City Council of Mombasa), Water Resources Management Authority, selected registered Water Action Groups and some major water consumers such as Kenya Ports Authority, Kenya Petroleum Refineries limited, Association of Hotel Keepers and Coast Province General Hospital. The data was then analyzed using a software package for statistical analysis originally Statistical Package for Social Sciences later modified to read Statistical Product and Services Solutions (SPSS). The data was coded to enable the responses to be grouped into various categories. Content analysis was used to analyze the qualitative data collected while descriptive methods were used to analyze quantitative data. The research proves that with efficient application of strategic management principles of cost leadership and differentiation, the desired customer satisfaction can be achieved and enhanced at Mombasa Water Supply and Sanitation Company.

Keywords: Cost Leadership, Differentiation, Sustainability

1.0 INTRODUCTION

Strategic management was originally an exclusive preserve of the private sector (Backoff & Nutt, 2009). The focus was mainly on how organizations could attain their goals and objectives by strengthening the competitiveness of their market share within the market environment. The public sector has now adopted the strategic management principles for the purpose of improving its operations achieving higher customer demands and enhancing organizations performance. According to Alford (2008), strategic management principles have contributed a lot both financially and non-monetarily to performance of organizations. Studies show that organizations that use strategic management principles tend to be more rewarding as well as productive compared to those not applying. Organizations that apply strategic management principles enjoy enhanced performance and customer satisfaction since they tend to carry out strategic plans to prepare for future variances for both external and internal environment and therefore show excellent long-run monetary efficiency in accordance with their line of business. In addition, organizations get added real increase in asset value, including an increased understanding of external threats, an enhanced knowledge of competitors' strengths, improved productivity, decreased resistance to change and a more clear comprehension of performance-reward relationships.

Strategic management principles usually help in bringing order as well as discipline for an organization (Porter, 1996). Strategic management has been understood as capable of providing concepts, procedures and tools for organizations to ascertain their long-term direction; to position their location by intelligently deploying and redeploying their resources in relation to the environment, to fulfil the needs of major stakeholders, and to stretch their resources towards producing more value for the customers (Ferlie, 2005). The strategic principles have been extensively and successfully been applied in water sector in some countries worldwide. Globally, India's many Water Service Providers have largely and successfully implemented strategic management principles in their operations with high customer satisfaction and other good results. Many of the Water Service Providers in India have carried out reforms on financial sustainability. They have applied technocratic solutions to the existing problems in the water sector and the idea to increase profitability hence improved customer satisfaction from water supply and sanitation services is being realised. In Europe Germany, England, Netherlands and Italy stand as good examples. Water Service Providers in those countries have achieved good results on their application of strategic management principles on customer satisfaction such that higher levels of efficiency, transparency, coordination and pocket friendly tariffs have been attained (Kuks, 2004). In Africa Zambia, Uganda and Ghana are good examples that have started to reap benefits from this concept (Africa Water and Sanitation Report, 2007).

For many years, the water and waste water services management in Kenya was being neglected and the Ministry of Water and Irrigation failed in putting up a coordinated water management system. The Ministry of Water and Irrigation in Kenya started with major water sector reforms three years following the Water Act 2002 by putting in place provisions for service delivery as well as better management of water resources and services institutions (Ministry of Water and Irrigation, 2007). The objective was to achieve enhanced performance and development in water resources that is ecologically, socio-economically and environmentally sustainable and contributes to customer satisfaction as well as reduction in time taken to fetch potable water.

The water and sanitation companies in Kenya have developed different strategies to ensure that they meet the expectations of their customers albeit on a positive direction but the expected results have not been realized. The water supply in Mombasa County stands at 45,000m^3/day while demand is 240,000 m^3/day. The non-revenue water is around 50% and customer complaints are numerous (Cherop, 2012). Unless Mombasa Water Supply and Sanitation Company limited comes up with the strategies that will reduce customer complaints, reduce number of referrals and improve customer retention the desired outcome of customer satisfaction will not be realized. It is against this background that this research study sought to examine the contributions of cost leadership and differentiation strategies to the satisfaction of Mombasa Water Supply and Sanitation Limited Company customers.

2. THEORY OF SUSTAINABILITY

Water Economic Council for Development (WECD, 2007) defines sustainable development as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. There are three aspects of sustainable development - economic, environmental, and social. An economically sustainable system entails production of goods and services continuously within manageable sustainable costs. An environmentally sustainable system entails maintaining a stable resource base at the same time avoiding overuse of renewable sources or even worse depleting the non-renewable resources to the extent that people start to invest in alternatives. A socially sustainable system entails equity and adequacy in terms of distribution and provision of social services such as gender equity, health, education, among others. The sustainability theory suggests that an action can be started and remain relevant over time resilience and therefore it is wisdom to consider it during strategy formulation (Heather, Coffman & Marielle 2002). The theory of sustainability therefore entails the concept for a long-term resiliency despite the rapid changes in the business economy and environment. Sustainability is a characteristic of a process or a state that can be maintained at a certain level indefinitely. It is wisdom that a sustainable water service provider must therefore allow and sustain rapid changes in the business economy and environment, and this is what we mean by sustainable performance development. Performance entails taking a series of actions that integrate skills and knowledge to produce the desired valuable results and this is true both at individual and organizational levels. Therefore the customer satisfaction for Mombasa Water Supply and Sanitation Company as a sustainable water utility depends on the systems components and its interactions. These components include levels identity, skills and knowledge such as uniqueness, facts, information as well as context of performance.

2.1.1 Strategic Management of Water Services

Strategic management requires the organizations policy makers to undertake internal and external strength analysis, develop proper plans, allocate enough organizational resources, create competent human resources and ensure careful strategy implementation through close monitoring and evaluation. Upon environmental scanning and identifying a gap the idea of strategic fit suggests the importance for firms of identifying opportunities in the business environment and deploying and redeploying resources and competence so as to take advantage of opportunities. Strategies in the public sector organizations can be understood as a pattern of purposes, policies and programmes, actions and decisions that are formulated to create the maximum public value in accordance with their specific mandates and objectives (Bryson, 2004). Johnson and Scholes (2005) define strategy 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. From a holistic perspective strategy could best be understood by dividing it into two, namely the content and the process parts of strategy. Content refers to 'what' is to be done and process refers to 'how' to do it. Literature on the subject of strategy tends to use the terms strategic planning and strategic management interchangeably. However, a closer look at the literature reveals that strategic planning is confined to the process of planning rather than managing it, while strategic management covers both, from the planning process until implementation, evaluation and monitoring (Bryson, 2004). Strategic management focuses on the organizations crucial and strategic issues, which if left unchecked will have the potential threat of the organization's very existence. Finally, having been able to think, act and learn strategically and improve strategic decision-making, strategic management will enhance organizational performance and effectiveness (Johnson *et al.,* 2005).

Although there are several of the strategic management principles developed over time, this research tends to examine two strategic management principles namely cost leadership and differentiation and their contributions on customer satisfaction at Mombasa Water Supply and Sanitation Company. Ruskin and Margolis (2005), asserts that water is an important social-economic resource necessary for human beings, economic development, and the existence of the ecosystem. Water issues have always existed both positively and negatively in terms of quality such as presence of faucal coliforms and other germs associated with sewer or quantity such as severe droughts on one extreme and el – Niño or Noah's flood on the other. While several recent efforts have made progress in defining the issues, the sustainability issues of water resource management have not been clearly defined. Pearce and Turner (2004) argue that water resources are non-substitutable, and their depletion will impose heavy economic costs including death, war and health consequences on future generations. Already the UN Security Council has mapped out potential areas where water wars can take place such as River Nile and the riparian states to give an example. Di Giantomasso, de Loë and Kreutzwiser (2002), argue that human resources are an important component of capacity and include the skills and training, knowledge and education of staff and their ability to keep up-to-date with new policy and practice. According to Timmer, D.K., de Loë, R.C. and Kreutzwiser, R.D. (2007), having up-to-date and accurate information and data is critical to making informed decisions. Most water companies such as Mombasa Water Supply and Sanitation Services Company are now using Geospatial Information System (GIS) to enhance analysis and decision making. Brooks & Holtz (2009) point the minimum types of information needed for effective water management and this information must include figures for water demand by region, sector, broken down into major end-uses and major end-users. Current and projected future population numbers are also needed, as well as growth rates by sector. When all this data is fed into GIS the analysis and decision making becomes very precise. Timmer *et al.* (2007) asserts that any successful institution must have sufficient revenue and good policy on fiscal management to support and maintain its functions. This is so true in the management of water service providers due to vigorous activities in operations and maintenance. According to Water Services Regulatory Board water service providers should spare 30% of its revenue for operations and maintenance, 30% on development, 30% on salaries and the remaining 10% on paying commissions and other statutory expenses. Installation of water and waste water assets is capital intensive and therefore the water providers must have access to internal as well as external funding sources such as World Bank, AfD, WEDC, Water Services Trust Fund and other willing donors. The water tariffs should reflects the full cost of the provision of water supply, including treatment, distribution, operations and maintenance, and source water protection (Loë *et al.*, 2007).

Jordan, Stevens and Brooks (2009) asserts that incentives should be given to consumers who consume their water sparingly and conduct life cycle assessments which will help to understand the full cost of various water management options. Policy and legal framework is a significant determinant of capacity because it allows a water service provider to exercise its mandate, authority and the limits to its authority and may include plans, policies, programs, and by-laws from both local authority and the parent Ministry. However, the policy and legal framework may not all be enough. This is so because during the initial stages of the water sector reforms, it was observed that many water managers were afraid of losing their jobs hence fear of full compliance. This is called 'path dependency,' which states that there is significant pressure in an institution to maintain the status quo and it is very hard for an institution to make fundamental changes to the way it operates. Some of the water companies have been having their strategy upside down by creating an organizational structure that suits their desires and not according to the business environment and even have resisted any efforts to rectify the same. According to Holtz (2009) who wrote on the Canadian WSPs, discusses many policy changes that are required for soft path implementation in that country including installation or replacement of old infrastructure.

2.2 Michael Porter's Generic Strategies

According to Michael Porter there are three main strategies which a business firm can follow namely cost leadership, differentiation and focus of which if not a firm becomes ''stuck in the middle'' and becomes unsustainable. Clive (2009) argues that the model allows a company to choose which market to adopt. If a firm has many resources it can follow cost leadership or differentiation strategy while a small financially weak firm may follow focus strategy. However an effective strategy must have position goals such as market, product, service, identity and efficiency as well as execution goals like core competency and people. Being stuck in the middle is becoming less applicable since there is sufficient empirical evidence that some companies such as Toyota, BMW and Benetton are using differentiation and low cost strategies by using low cost to provide differentiation and the same time use the profits to lower cost even further.

2.2.1 Principle of Cost Leadership Strategy

Porter (1985) asserts that the organization aims at producing in large quantities, at the most economic cost and sell at the lowest price possible but break even since it capitalizes on economies of scale and defeats any competitor. This strategy tends to attract price sensitive buyers away from the competition and has the effect of grabbing market share thus driving down costs. This strategy can be achieved through two main ways namely increasing profits by reducing costs while charging industry-average prices and increasing market share through charging lower prices while still making a reasonable profit on each sale due to reduced price. This strategy entails employing the Japanese Kaizen philosophy of continuous improvement in order to find ways of reducing production costs on a continuing basis. Simply being the lowest cost producer is not good enough since others can imitate the same but ensure employing this strategy through having access to capital needed to invest in technology that will reduce costs, low cost of production factors and very efficient logistics. The cost leadership is often driven by an organization's efficiency, size, scale, scope and cumulative experience (Gavin, 2003). Cost leadership aims to exploit scale of production, well defined scope and other economies such as good purchasing approach, producing highly standardized products and using high technology. There are three main ways of applying this strategy namely achieving a high assets turnover, low direct and indirect operating costs and control over the supply and procurement chain to ensure low costs.

2.2.2 Strategic Management Principle of Differentiation

According to Porter (1985) this strategy entails displaying and selling goods and services with some unique selling service propositions (USPs) that other competitors are lacking. It can make customers to be loyal to a product despite its price as a result of the product features, functionality, durability and brand. For successful application of this principle an organization must make good research, develop its products and be innovative and efficient in sales and marketing to inform its customers of the uniqueness of its products. According to Clive (2009), the strategy employed by the organization should be significantly different from all its competitors and will offer real value to the target customers. This means that differentiation will favourably influence consumers in their choice of suppliers, products/services and the differentiation value will remain for at least in mid and long term. This strategic principle can also be achieved by application of the concept of total quality management. This entails focusing on delivering service at all levels of the company such that the quality, marketing and service all become important in creating the total offering to the customers. This adds to the companies' products remaining fashionable and keeps their image and reputation.

2.3 Empirical Framework

The establishment of the water institutions would allow for decentralisation, participation, improved performance and sustainability in the growth and management of water resources (UN-Water, 2006). Through the swift from governmental to public/private partnerships of water and sanitation services and the decentralisation of decisions-making authority, the improved customer satisfaction has been to some degree been realised. The Water Act 2002 established Water Services Regulatory Board (WSRB), and seven Regional Water Services Boards (WSBs), namely, Coast, Nairobi, Rift Valley, Lake Victoria South, Lake Victoria North, Central and Northern. In the Economic Recovery Strategy for Wealth and Employment Creation (ERS) of 2003-07, the government of Kenya introduced for implementation performance contracting towards the improvement of the general performance in public institutions. However this has not been realised satisfactorily.

Otieno (2010) argues that many of the Water Service Providers in Kenya have been facing serous customer complaints and this can be seen from the fact that they have bloated staff, unsustainable salaries, low staff morale, inability to satisfactorily reduce unaccounted for water (UfW) often at more than 50%, poor human resources policy, poor service charter, low rated total quality management, dilapidated infrastructure, lack of adequate water etc. Meanwhile the Kenyan government introduced strategic management principles such as performance contracts as a management tool for measuring performance against negotiated performance targets (GoK, 2003). At the beginning of every financial year or some specified period, a contract that specifies the mutual performance obligations, intentions and responsibilities between two parties is entered into. The obvious objective was to improve service delivery to the level of private sector and even better by putting managers on agreed timeframes to produce results; transparency in accountability, implement government policy as required in the contract to the satisfaction of the stakeholders. According to Michael (2012) American companies successfully apply these strategic management principles with good results. Wal-Mart Stores Inc. has been successful using strategy of cost leadership by everyday lowering prices to attract customers. The idea of everyday lowering prices is to offer products at a cheaper rate than competitors on a consistent basis, rather than relying on sales. Wal-Mart is able to achieve this due to its large scale and efficient supply chain. They source products from cheap domestic suppliers and from low-wage foreign markets. This allows the company to sell their items at low prices and to profit off thin margins at a high volume. In Europe the Swedish furniture retailer IKEA revolutionized the furniture industry by offering cheap but stylish furniture. IKEA is able to keep its prices low by sourcing its products in low-wage countries and by offering a very basic level of service. IKEA does not assemble or deliver furniture; customers must collect the furniture in the warehouse and assemble at home themselves. While this is less convenient than traditional retailers, it allows IKEA to offer lower prices that attract customers (Michael, 2012).

According to Cherop 2012) in Zambia, Senegal and Ghana, there are annual Water Service Providers competition and rankings and each one of them tries to provide a service in a way that makes it unique in comparison to others. In East Africa the same can be said of Tanzanian Water Service Providers. Moshi Urban Water Authority service provider has implemented a number of policies that make their services unique and hence it has been ranked fairly in that country. For example, the water authority has a policy where all customers get incentives from the authority if they inform it of any water theft, burst or leaks. In Kenya a lot remains to be done in application of this principle to enable Water Service Providers to enhance their customer satisfaction. Most Water Service Providers do well only due to either volume of water sold as is the case with Nairobi or a well-built water infrastructure as is the case in Malindi and Nyeri Water Service Providers.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a descriptive research design. It sought to investigate the contributions of strategic management principles of cost leadership and differentiation on customer satisfaction at Mombasa Water Supply and Sanitation Company. Yin (2004) states that descriptive studies enable the researcher to have an in-depth understanding of the study and therefore in this research descriptive design was chosen as the appropriate research design since it is a more appropriate strategy for answering research questions such as ‘how and ‘why’ and which do not require control over the events. The descriptive study provides the researcher with in depth information, which assisted in meeting the objectives of the study.

3.2 Sample Design

From the above population of three hundred, a sample of 25% from within each group in proportions that each group bear to the population as a whole was taken using stratified random sampling which will give each item in the population an equal probability chance of being selected. The selection was as shown in table 3.2.

Table 3.1 Sample Size per Institution

Institutions	Population (Frequency)	Sample ratio	Sample Adopted
Mombasa Water Supply and Sanitation Company	23	0.25	6
Coast Water Service Board	12	0.25	3
Mombasa County Government	12	0.25	3
Water Resources Management Authority	22	0.25	6
Water Action Groups	5	0.25	1
Kenya Ports Authority	55	0.25	14
Kenya Petroleum Refineries ltd	55	0.25	14
Association of Hotel Keepers and Caterers	66	0.25	16
Coast Province General Hospital	50	0.25	12
Total	**300**	**0.25**	**75**

Source: Researcher, 2013

Table 3.3 Sample Size Adopted

Sections	Population (Frequency)	Sample Ratio	Sample Adopted
Directors and top managers	42	0.25	11
Middle level management	113	0.25	28
Low level management	145	0.25	36
Total	**300**	**0.25**	**75**

Source: Researcher, 2013

Stratified random sampling technique is used when population of interest is not homogeneous and can be subdivided into groups or strata to obtain a representative sample. According to Sproul (2008), a self-administered questionnaire is the only way to elicit self-report on people's opinion, attitudes, beliefs and values.

3.3 Research Instruments

This research study used the questionnaire due to its various advantages such as low cost since processing and analysis is cheaper and simpler than other instruments, reduction in biasing error and provides anonymity. The questionnaire designed in this study comprised of two sections. The first part included the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondents. The second part subdivided into two subsections was devoted to the identification of the strategic management principles contributions on customer satisfaction at Mombasa Water Supply and Sanitation Company where the two variables of the study were be put into focus.

3.4 Data Collection Methods

This study collected both quantitative and qualitative data using observations, interviews and self-administered questionnaires that were sent directly to the respondents. Quantitative data is the information that can be expressed in numerical terms or compared on a scale while qualitative data refers to information gathered from interviews, observations, or documents normally in the narrated form. Nevertheless, where it proved difficult for the respondents to complete the questionnaire immediately, the researcher left it with the respondents and came to pick them up later. The structured questions were used in an effort to conserve resources as well as to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information. Each questionnaire was coded and only the researcher knows which person responded. The coding technique was only used for the purpose of matching returned, completed questionnaires with those delivered to the organizations.

4. FINDINGS

The study was set to find the contributions of cost leadership and differentiation strategies on customer satisfaction at Mombasa Water Supply and Sanitation Company. The response rate was 93.7%. The respondents were drawn from both water producers and customers. The respondents indicated that they worked in functions for public relations, meter reading, patrol, emergency department, irrigation, unit management, small business departments, GIS administration, engineering and strategy and in management roles in their organizations. The findings indicate that the respondents were directors, doctors, technical officers, commercial officers, engineers, environmental officers, human resource officers, accountants, meter reading technicians and public relations officers.

On the measures by the Mombasa Water Supply and Sanitation Company limited has undertaken to achieve cost leadership, the study found out that the Water Company has full time conservation staff who are equipped with current and future water demand and population data and therefore in a good position to carry out strategic planning. The study found out that the water tariffs reflect the full cost of water and therefore with good management there should be sustainability. The Water Company uses back-casting method to set goals for future water use and conservation and its business unit structures and plans are aligned with core business and government priorities therefore there should be minimum managerial problems. The study however found that the water company does not actively involve the public in its decision making, and stakeholders are not kept informed of changes and progress of government priorities and services and even staff cannot articulate what the Water Company wants to achieve, its role and purpose and this is undoing to the company. Findings from the study indicated that the water company does not use systems of review and evaluation to complete scanning, amend strategy and adjust direction when required. The water company Leadership team does not consider debate and disagrees on strategically important issues and subsequent actions; neither shares communications across the Company.

Findings from the study indicated that Mombasa Water Company has not carefully prepared individual development plans, explicit managerial responsibility for development, and priority and importance given to meaningful development activities. The Water Company does not demonstrate that individual performance targets are clearly aligned with the team, business unit and company‘s overall performance targets. The Water Company managers are not demonstrably willing, and do not have the confidence to address poor performance and staffs do not have access and ability for further training while on job. Findings also showed that life cycle assessments are not performed for all water supply and demand projects/programs and the Water Company does not have incentives for customers to use less water.

On the contributions of the differentiation as a strategic management principle on the customer satisfaction at Mombasa Water Supply and Sanitation Company, the study found out a number of issues. One of the core competencies for the Mombasa Water company were indicated as professionalism and customer satisfaction, use of modern technology, established systems, experienced staff, emergency staff, infrastructure and the use of mobile money payment systems for settling bills. On the overview of Mombasa Water Company research and development efforts for the past two years the study found out that the company has applied new software for billing and meter reading, used GIS technology in its operations, introduced pressurized monitoring systems and has digitized its records. The findings also showed that consultants have established GIS, billing and pressure data loggers, put in place elaborate master plans and strategies in research and innovation and introduced a project management office.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

On various measures undertaken by the Mombasa Water Supply and Sanitation Company limited to achieve cost leadership, the study concludes that the Water Company has full time conservation staff who are equipped with current and future water demand and population data and there should be no obstacles in planning since the Water Company uses back-casting method to set goals for future water use and conservation. The study concludes the water tariffs reflect the full cost of water and it should be sustainable. The Water company' business unit structures and plans are aligned with core business and government priorities. The organization however does not actively involve the public in its decision making. Staff cannot articulate what the Water Company wants to achieve, its role and purpose. The study also concludes that the water company does not use systems of review and evaluation to complete scanning, amend strategy and adjust direction when required. The water company Leadership team does not consider debate and disagrees on strategically important issues and subsequent actions. Leadership team does not share communications across the Water Company. The study also concludes that the water company does not keep its stakeholders informed of changes and progress of government priorities and services and neither does it carefully prepare individual development plans, explicit managerial responsibility for development, and priority and importance given to meaningful development activities. The study also concludes that the water company does not demonstrate that individual performance targets are clearly aligned with the team, business unit and company‘s overall performance targets. The Water Company managers are not demonstrably willing, and do not have the confidence to address poor performance, staffs do not have access and ability for further training while on job, life cycle assessments are performed for all water supply and demand projects/programs and the Water Company does not have incentives for customers to use less water.

On the contributions of the differentiation as a strategic management principle on the customer satisfaction at Mombasa Water Supply and Sanitation Company limited, the study concludes that on the core competencies for the Mombasa Water company were indicated as professionalism and customer satisfaction. Others include technology, established systems, experienced staff, emergency staff, existing infrastructure and the use of mobile money payment systems for settling bills. On the an overview of Mombasa Water Company research and development efforts for the past two years the study concludes that the company has applied new software for billing and meter reading, used GIS technology in its operations, introduced pressurized monitoring systems, digitized records, consultants have established GIS, billing and pressure data loggers, established elaborate master plans and strategies in research and innovation and a project management office. On any quality programs e.g. ISO9000 at the water company the study concludes that the company has implemented a supply of continuous flow of water for 6 hours based on the rationing program. On whether Mombasa Water Company has contracts with consumer organizations, the study concludes that most of the respondents 78.1% indicated that Mombasa Water Company has contracts with consumer organizations while 21.9% of the respondents indicated that it doesn't have contracts with consumer organizations

5.2 Recommendations

1. The study recommends that the company should actively involve the public in its decision making, the staff should be informed of the company’s goals, role and purpose, it should use review and evaluations systems to amend strategies and adjust directions when required.

2. The company should implement debates in its decision making; give their staff training and advancement opportunities and should have incentives to their customers to use less water.

3. The company should also have team work between the departments, sell bottled water, have efficient emergency teams, quick solutions to customer care problems, use of meter reading gadgets, application of synergies, establish concrete workshops, and good corporate social responsibility should be implemented in the company.

4. The company should also employ only when necessary, reduce excess staff, streamline operations and maintenance costs, reduce trips, streamline procurement, sack corrupt staff, avoid duplication of human resources, regulate salaries and train and redeploy staff.

5. The water company should rehabilitate old infrastructure.

6. Promote best practices in water conservation by its customers.

7. The water company should have a policy of ensuring sewerage connections are increased.

8. Mombasa Water Company should adopt a focused staff appraisal mechanism to boost morale.

9. Mombasa Water Company should adopt effective strategic ways of implementing master plans, action plans and comprehensive frameworks developed by hired different consultants over time in carrying out water and sanitation projects in the county.

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