STRATEGIES ADOPTED BY MHASIBU INVESTMENT COMPANY LIMITED TO GAIN COMPETITIVE ADVANTAGE

GLADYS WANGUI KING'ARU

SUPERVISOR

PROF. F.N.KIBERA

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DECLARATION

This Research Project is my original work and has not been presented for a degree in any other university.

Signed_____________________ Date_________________

Gladys Wangui King'aru

D61/79229/2015

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

Signed_____________________ Date_________________

PROF. Francis N. Kibera Phd.

Professor of Marketing

Department of Business Administration

School of Business

University of Nairobi.

DEDICATION

I dedicate this research project to my daughter Stephanie Wanjiru. My desire to see her grow and make her appreciate the importance of education and be a responsible lady contributed immensely to the undertaking of this degree program.

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I wish to thank God for giving me strength and the will to undertake this research process. I wish to recognize my late dad who was always there for me and prayed for my success in my life, his love and support molded me to the person I am today. I also wish to appreciate my family for standing with me throughout my study.

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ABBREVIATIONS AND ACRONYMS

CO.	Company
LTD	Limited
SACCO	Savings and Credit Cooperatives

ABSTRACT

The study sought to determine the strategies adopted by Mhasibu Investment Company in order to achieve competitive advantage. The specific objectives were to determine the strategies that were adopted by the company and the effect that the identified strategies had on their competitive advantage. The study was guided by the 4E's Model by Cats-Baril and the Ansoff product market expansion grid. Data was collected through interviews and content analysis guided the data analysis part of the study. The research found that the two models worked for the company. In particular, the low cost model has worked well, since minimum costs mean the company breaks even faster and as such they are in a position to offer competitive prices to the market. In addition, adding value or functionality to a product makes it easily sellable and attractive and increases the rate at which the company can turnover its products. Lastly, tapping into new products enhances the business of the company, increases returns both for the company and the investor and expands the life of the business. In conclusion, the strategy adopted if properly evaluated and implemented, it improve the firms competing ability in the market place. Further research can be done using more companies in the investment industry category.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The business environment is very dynamic and businesses need to continuously develop plans that enable them to keep abreast with the change in technology and customer demands in order to meet and exceed these demands and be able to compete successfully in the market. These plans entail the strategies that business undertake to effectively compete in the market at the same level or a higher level than its competitors; which in the long run offers them an advantage over its business rivals. Investment companies came into being as a result of the limitation that existed in the scope of operations for Savings and Credit Cooperatives (SACCO) and the change in the growth needs of the members of the SACCOS. The formation of investment companies from the SACCOS would provide members with more options with regard to investments; operate with little limitations and satisfy the growing desire of members for better returns and diverse products. The incorporation of Mhasibu Investment Company Limited (MICL) resulted from the fact that members wanted to search out for other investment options by putting their resources together as stated in their company website. The investment companies would however operate as independent companies from the SACCOS. The main advantage would be that the investment companies would take advantage of the already registered members of the SACCO as their customers while the members would enjoy faster processing of loans from the SACCO to finance the investment ventures in the company.

This form of investment companies have steadily increased with time from one to many. This means that the market share from which they source for customers has also been reducing over time. The management has to make decisions on which markets to invest in and penetrate in order to make the promised superior returns for the investors, grow the company and stay afloat. Moreover, these companies face increased competition as a result of the increase in the number of operators in the industry.

A firm is said to have competitive edge or advantage if it can create a higher economic value than its competitors (Barney & Hesterly, 2008). Value in product or service offerings can only be achieved if the firm is able to produce at the lowest cost, differentiating the product offerings or focusing on a particular niche and satisfying unique needs that are found within that niche alone. Porter (1980) identified the 3 generic strategies that managers adopt to compete in the market and have an edge over their competitors. The 4E's model by Thompson and Cats-Baril (2003) indicates how managers can manipulate strategy to enable them achieve set goals. The model identified four generic options (4E's) that addressed the corporate strategy options namely extend, expand, enhancement and exit.

1.1.1 The Concept of Strategy

Johnson, Scholes and Whittington (2008) define strategy as the roadmap where a business wants to be in the long term, the markets the business should compete in, the resources required to be able to compete in those markets, the external factors affecting the ability of the business to compete and the people who have interest in the business that should be fulfilled. Strategies are therefore intricate in nature, made under unpredictable circumstances, affect the day to day running of the business, require an interrelated approach to issues and takes into account change to a large extent. As a result, strategy is process and takes a considerable amount of time to achieve the overall purpose.

Strategic management involves the development of goals and activities taken by a business management on behalf of business shareholders, based on resources that the business has and the analysis of the environment in which the business competes. These strategies undertaken and adopted by management, determine the direction that the company will undertake. The management strategies chosen will be based on underlying principles. Porter (1996) identifies principles underpin strategy: creating a "unique and valuable [market] position", making a balance between "what not to do", and creating "fit" by directing efforts in the company to achieve a chosen strategy.

The management strategies adopted will be based on the level in which the strategy is being developed. Johnson, Scholes and Whittington (2008), identify three areas where management strategy exists. These are namely: corporate, business and operational strategies. Corporate-level strategy focuses on the overall purpose of an organization and how value will be created to the different business units of the organization. Business-level strategy is about how the business competes successfully in their particular markets. Operational strategies are concerned with how the individual parts of a business are organized to deliver the corporate- and business-level strategies.

1.1.2 Competitive Strategy

The ability to consistently earn returns on investment higher than industry peers results in competitive advantage (Porter, 1985). If a company has returns which are consistently above the industry peers, then it can be said to have competitive advantage. Further, Gitonga (2012) said that a firm would be said to posses' steady competitive advantage when it has processes and positions that cannot be emulated by other firms in employee training, leadership quality, service quality, technology and innovations. Sustainable competitive advantage is therefore achieved through the rarity and uniqueness of a firm's processes, resources and positions.

According to Porter (1985), the three generic strategies achieve competitive advantage. These strategies include cost leadership, differentiation and focused approach. Cost leadership focuses on production of standardized products at minimal unit costs for price sensitive customers. Under this strategy, the company can either undertake a low cost strategy or best value strategy. Differentiation is a strategy focuses on producing products and services that are unique in the industry and directed at customers who are relatively price sensitive. Lastly, the focus strategy is based on the production of goods and services that meet the needs of niche customer groups. Under the focus strategy, the company can either pursue a low cost focus strategy or best value focus strategy.

The exploitation of an organization capability with regard to its resources and competences to develop an edge over industry peers or establish new resources is referred to as the resource based view of strategy. Focus on available resources to produce new or economical/efficient products and services can provide a company with competitive advantage. The training of staff on key competences and resources that they require to conduct their jobs and impacting them with skills on the technical knowhow on their areas of specialty with current trends in technology gives them an edge to identify and take advantage of opportunities keeping them ahead in their game against the competitors. The knowledge, skills and technical knowhow of the employees forms part of the critical resources in an organization. The recruitment of employees with rare qualifications or the impacting of an organization's employees with rare qualifications makes these employees rare resource. The rarity of these resources can only be maintained with continuous training, good pay packages. This is limited to the employees staying at the company and not being poached.

1.1.3 Investment Companies in Kenya

The Capital Markets Authority (CMA) regulates the incorporation and licensing of investment companies in Kenya. The registration is done under the Collective Investment Schemes (CIS). The license issued dictates the scope of investments that the company can undertake.

Madura (1995) defined an investment company as one that invests in a pool of funds in a portfolio of individual investments such as stocks and bonds. An investment company will receive funds from its members who have different investment needs, pool the funds together, select individual investments where they invest the money in order to gain returns that are equal to or more than what the investors' rate of return is. Sharpe (1996) identified two advantages that individuals enjoy when investing through investment companies; advantages that arise from economies of scale and from professional management. The value of the securities that the investment company has invested in is dependent on what happens to the portfolio of securities.

Investment companies exercise complete discretion over the investment of funds in a very conservative way as well as investing other people's money (Fisher & Jordan, 1996). Once the investment company has a pool of funds, it will set an investment policy, perform a security analysis, create a portfolio, revise the portfolio and evaluate the performance of the portfolio. The investment company must ensure that these duties are performed well in order for the fund to grow. Kamwaro (2013) noted that the volume of funds channeled to funds in comparison to other securities questions the knowledge of operations of funds, investor confidence and knowledge of the different investment vehicles available. Investment companies therefore act as an avenue where the investor who is not very knowledgeable, uses the investment company that invests in a portfolio of investment vehicles that would provide the required rate of returns to both the investor and the investment company. The investment vehicles include stocks, bonds, property, off shore accounts and foreign exchange.

1.1.4 Mhasibu Investment Company Limited

Mhasibu Investment Company Limited (MICL) was started by members of the Mhasibu Sacco society. The formation of the Sacco from which MICL was born, was lead by members of the Institute of Certified Public Accountants of Kenya (ICPAK). The members agreed to explore additional investment options by pooling resources together and hence the formation of Mhasibu Investment Company Limited (MICL).

Mhasibu Investment Company Limited was incorporated in 1996 as a limited company. The key reason for its formation was to capitalize on the then high yield of returns on treasury bills and bonds. The company has since moved from fixed income to higher return investments like private equity and real estate. The share capital has grown more than 20 times from December 1997 to 2009. The range of investments that the company has undertaken includes real estate, money and the stock markets which have had very fulfilling returns. The boards makes all investment decisions under which investment in equities and real estate committees have been set up to run the areas of investment. The company has grown to 300 shareholders over the years with Ksh. 39,318, 718 in retained profits by the end of 2014 financial year.

1.2 Research Problem

Porter (1987) wrote that corporate strategy involved answering the business that the organization should be in and how the organization should manage its business units. Decisions on the choice of strategy to be undertaken by the firm are defined by the position in which the firm is on. Wang (2014) stated that if an organization acquired or developed a set of attributes or undertook a course of actions that allowed it to outperform its competitors then it obtained competitive advantage. Managers in a firm are able to organize resources to take advantage of its capabilities by matching the unique resources and competences of the company with its environment in the context of its objectives. A firm’s strategic choice is therefore affected by the industry/market conditions within which it operates.

SACCOS in Kenya have been steadily growing and the number currently stands at 164 for fully licensed SACCOS and 12 with restricted licenses as retrieved from the SASRA website that was last updated on January 31 this year. The number of SACCO associated investment companies that are being formed has also been increasing over time with Safaricom Investment Company and Stima Investment Company being some of the examples. With the increase in competition with this kind of investment company model, the market is becoming saturated slowly and thus competition is becoming stiff by the day. It is therefore crucial to examine the strategies that are adopted by MICL to remain competitive in the market and achieve superior returns.

Hana (2013) studied competitive advantage achievement through innovation and knowledge where he concluded that it was crucial for organizations to innovate and have an innovative culture. He also noted that knowledge was critical to the innovation process as it was the input and output of the transformation process. Breznik (2012) sought to establish if information technology was a source of competitive advantage. The study confirmed their hypothesis when information technology was used as a resource. They also suggested that any further research should first define the terminology information technology and research done from a practioners' point of view. Dirisu, Iyiola and Ibidunni (2013) research on product differentiation as a tool for competitive and concluded that product meaningful differentiators if identified, were productive in gaining and sustaining competitive advantage.

Odedeh (2016) studied management practices and performance of National irrigation Board where the study concluded that adoption of the strategies led to improved performance but it was inconclusive on whether it was the sole cause of improved performance. Managers have to put into consideration their current status, choose and implement plans that will lead to superior performance, enable them to compete effectively in the market and attain competitive advantage. Given the current position of Mhasibu Investment Company and the state of the industry in which the firm operates, what management strategies does Mhasibu Investment Company pursue to attain competitive advantage? What is the effect of the management strategies on the firm's competitive advantage?

1.3 Research Objectives

The research objectives of the study are to:

i. Identify the strategies adopted by Mhasibu Management Company to gain competitive advantage.
ii. Determine the effect of the management strategies on the firm's competitive advantage.

1.4 Value of the Study

This research will contribute to the body of knowledge by enhancing the understanding of strategic management theory and competitive advantage. This research further advances the knowledge about the theories that form the basis of this study. The findings from the study will corroborate or contradict the already available theory. In case they contradict the theories, they will open up room for further research which will develop a new body of knowledge.

This research will act as a point of connection between the gaps currently existing in the body of knowledge by evaluating the management strategies undertaken by the organization to achieve competitive advantage in totality and not just one discipline or concept of strategy. In the past, management strategies have been researched separately. The researcher seeks to identify the relationship that exists between management strategies and competitive advantage with the resultant outcome.

The information from this research will be available to other researchers and scholars for reference purposes while conducting their studies. The research seeks to evoke further research in related areas of study. Researchers will use findings from this research to support or contradict the theories discussed.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter entails the literature on strategic management theory and competitive advantage in investment management companies. At the end, the relationship between strategic management theory and competitive advantage is reviewed.

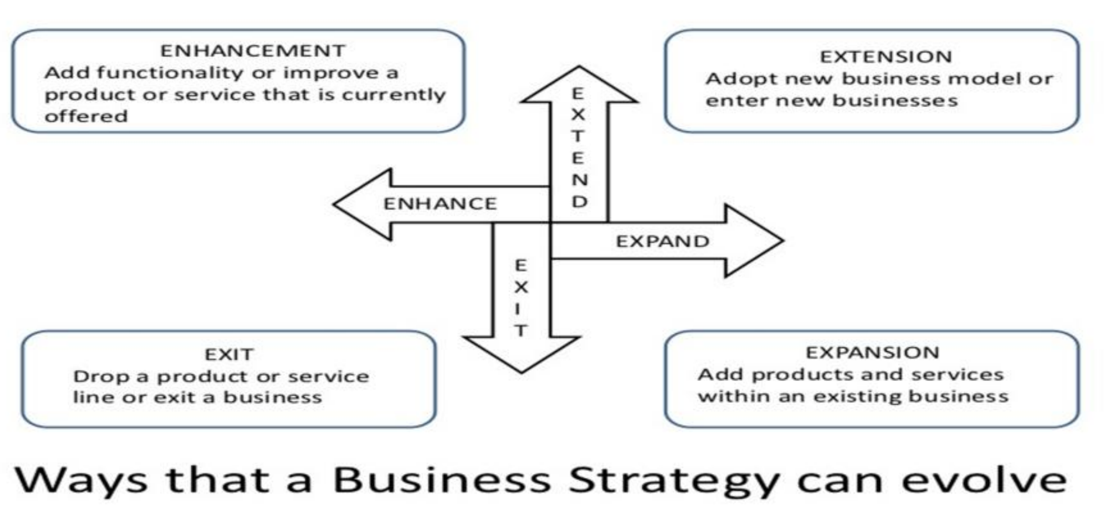
2.2 Theoretical Foundation

The direction that the organization will undertake is defined by the strategy that the organization will choose. David (2011) noted that strategy making is a process that involved all management levels. The broad strategy is decided upon at the corporate level of the organization. This is broken down into business unit strategies and lastly into the day to day operation strategies.

Johnson, Scholes and Whittington (2008) stated that strategic choices involved the principles that underpin future strategy at the different organization levels and the choice for developing strategy with regard to direction and mode of development. Superior returns promised by the investment companies can be achieved if the company can grow based on its products and markets. The company therefore has to diversify its products and markets.

Thompson and Cats-Baril (2003) identified the four generic options of addressing corporate strategy. These options referred to as the 4E's include expanding, extending, enhancing and exiting. The business is extended through the adoption of a new business model or entering a new business. Expanding entails adding products and services within the context of the existing area of operation of the company. MICL started by investing in treasury bills and bonds but has since expanded their portfolio to include private equity and real estate. Enhancing refers to improving or adding functionality to a service or product that is already being offered. Lastly, exiting occurs when a company decides to drop a service, product line or business unit that is not performing as per set standards. The diagram below demonstrates the above scenario.

Figure 1: 4E's Model



https://www.slideshare.net/rkaysee/chapter-4-14330584 Retrieved on 15 Aug, 2017

Ansoff (1957) developed a product market expansion grid that provides a framework to help managers devise strategies for future growth based on the products/services and markets. He identifies four strategies that can be adopted for growth. Market penetration focuses on increasing sales of existing products in current markets. A new product is introduced into an existing market under product development. When an existing product is introduced into a new market, this is referred to as market development. Lastly, diversification entails introducing an entirely new product into an entirely new market.

MICL initial investments were based on treasury bills and bonds. This amount of investments in this area has also increased over the years. Investment companies have ventured into new markets like off shore investments in a quest to provide investors with high returns. There has also been a rise in the diversification into real estate that entails purchase and selling of land and building houses for sale. Other changes that have been noted, includes allowing individuals and groups who were not part of their core business (accountants in the case of MICL) to become members and thus expand their market.

2.3 Competitive Strategy

The basis of the resource based view of competitive advantage lies in the application of resources at the firm's disposal. A company will differentiate itself from the rest on how it sets up these resources to form a bundle and uses them in the market place. The skill and ability of the investment companies to bundle up their products offering in particular ratios, identifying when, where, what and how to invest to achieve, surpass and grow their returns consistently, underpins the resource based view. The uniqueness of how they perform their activities creates competitive advantage.

The strategies adopted by the organization to be applied in the market place will determine whether the organization will achieve competitive advantage. These strategies according to Porter (1985) were cost leadership, differentiation and focus. Comparative and differential advantages are the main types of competitive advantage derived from the generic strategies.

Comparative advantage is derived from the ability of the firm to make a good or service at a cost lower than its rivals. The end result is the firm offers its products/service to the market at prices lower than those of its competitors but of the same quality. In a rational situation, consumers will choose the cheaper product. The firm will achieve comparative advantage by gaining returns higher than what the industry is making. This advantage is achieved through economies of scale and efficient systems.

When a firm's products and services are seen to be more superior to those of its competitors, it results into differential advantage. Differential advantage is thus the benefits that a firm's customers value and believe they cannot get anywhere else. This advantage is achieved through innovation from employees, use of superior technology, features, functionality, durability, brand image that the customers value and patented products and services. As a result of these factors, the firm is able to charge a premium for its products or services and ends up with a large market share and huge profit margins.

2.4 Management Strategies and Competitive Advantage

The decision on the direction that the firm will take and what business they will engage in to achieve superior returns is made at the corporate level. The choice of management strategy to grow or stabilize the business is carefully analyzed through a process that looks at the capabilities of the firm in terms of its resources, the available market opportunities and the happenings around the industry. Mwangi (2012) argued that a firm's competitive capability depended upon the resources at its disposal and how efficiently they were used. The firm will therefore evaluate the resources at their disposal, package these resources to pursue a particular strategy and achieve superior returns while at this strategy. The choice of corporate strategy adopted by the firm must lead to competitive advantage. Waweru and Omwenga (2015) in their study concluded that firms that employed strategic management practices in their operations increased their performance. The returns achieved by the pursuit of a particular strategy must be greater than those of its rivals in the same industry for the firm to achieve competitive advantage. Competitive advantage is created by discovering and applying better and innovative ways to products and services and ensuring that the market is aware of such innovations (Fletcher, 2013). The products and services that will be offered by these firms should therefore reflect innovation and the customers made aware of these and the value derived from the said innovation.

Ansoff (2003) noted that the interest in strategy grew out of the realization that the firm needed well thought out and defined course of action to chart its growth direction. The planning process resulting to the particular strategy and the seamless execution/implementation of the said strategy determines its success. Strategy planning however does not necessarily lead to success (David, 2003).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the structured and hypothetical analysis of the techniques applied to a particular area of study. The hypothetical analysis of the techniques and the assumptions related to a knowledge base comprise the methodology. The techniques vary by the sources of information, how the information is sampled and the instrument types used to collect the data. This chapter describes the procedures that will be adopted in conducting the study. In particular, it will discuss the research design, data collection techniques and the mode of analysis.

3.2 Research Design

This is a guide on how data will be collected, measured and analyzed (Kothari 2004).The planned organization of how data will be collected and examination of the data in way that it will make economic sense based on the research entails the research design. The main purpose of the design is to ensure the various research operations flow smoothly without any hitch making research efficient and effective.

This study will employ a case study method to establish strategies adopted by MICL to achieve competitive advantage. The case study method is chosen because it thoroughly investigates the concept. The main advantage of this method is that surveys are standardized to ensure they are reliable and are valid. Standardization is crucial because results can be applied to a bigger population. Surveys are important as they enable the researcher to gather a lot of data in a limited period of time and are easy to develop and distribute.

3.3 Data Collection

Data collection entails the gathering and analysis of data on established variables in a manner that enables the answering of the research questions and evaluating the various outcomes. The data collection method used was determined by the type of data that the researcher wished to collect; that is primary or secondary data. Primary data is information collected first hand while secondary data is that information already collected by a different person and analyzed.

This study made use of primary data as its information source. Interview guides were used to collect primary data from the respondents. The financial controller and the accountant of MICL will be interviewed. The two employees had been selected because they are the ones who directly deal with the day to day investment transactions and decisions. The interview guide collected qualitative information with regard to the experience of the employees, MICL strategies and the impact of the strategies on the ability of the firm to compete in the market.

The interview method was selected because information in greater depth could be obtained. This method had greater flexibility as there was an opportunity to restructure a question depending on the situation on the ground. In addition, samples could be controlled more effectively and the percentage of those who did not respond was kept at a minimum. Lastly, the researcher was in charge of which respondents would provide feedback to the questions.

3.4 Data Analysis

Kothari (2004) defines data analysis as a procedure that includes putting in order the collected information and aligning the main variables in a manner that findings can be effectively communicated. Content Analysis was then used to analyze the data collected through the interview guide. Finally, the relationship between the two main variables in terms of the effect the independent variable had on the dependant variable was determined.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

This chapter focused on the analysis of the collected data and the research findings. The main emphasis was on the management strategies adopted by the company and how this helped them compete in the market place. In depth interviews were used to collect the data from the General Manager and the accounts/operations managers who were directly involved with the investment operations undertaken by the company.

4.1 General Information

The general manager and the accounts/operations managers have been with the company for more than five years from the collected data. The general manager has a bachelor of arts in economics. On the other hand, the account/operations manager has a bachelor of commerce degree. Their education background is a prerequisite to working in the area of expertise.

The general manager has over 20 years of expertise in the area of investment management while the account/operations manager has over 4 years of expertise in the area of investment management. The company is leveraging on their education background and expertise as unique resources for implementation of the company vision and mission and goals to achieve superior returns in the market. The general manager has been with the company for 15 years while the accountant/ operations manager has over five years of experience in the company. They have a vast understanding of the operations of the company making it easy for them to make decision and deciding on a course of action.

4.2 Management Strategies

The study sought to establish the strategies that the management of MICL adopted in order to effectively compete in the market and achieve superior returns as compared to their competitors in the market place. The analysis will evaluate the various forms blueprints adopted by the company to ensure that they achieve the desired results/ performance reflected in their financial performance.

4.2.1 Cost Leadership

MICL has a lean, efficient and highly motivated secretariat largely paid on performance basis. The company has a list of experts who are on call whenever their services are required instead of employing the same experts on a permanent or contractual basis removing the fixed cost element of payroll and thus reduction of the operation costs of the company. In addition, the company is taking advantage of its staff expertise by encouraging multi tasking in the company which results in costs reduction in the payroll category that is normally a fixed cost that ensures that ensures the company takes advantage of the professional and skill quality of the employees. An example is the combination of the accounting role with operations to create the position of the accounts/operations manager.

The company seeks for cost leadership by taking advantage of discounts offered by the suppliers of goods and services. Office supplies are purchased from suppliers who offer the largest discounts. MICL ensures that they take insurance policies from insurance companies that offer good, lower and affordable premiums.

Furthermore, office operations have been centralized to ensure that rent and other office recurrent expenditure have been cut while still ensuring that client services are rendered properly and efficiently. MICL has consolidated its bank accounts to reduce the transactional costs that come with holding many bank accounts. MICL has built a network of clients which makes it easy for them to sell their products rather than advertising on mediums like bill boards and radio and television networks which is a very expensive thus saving and cutting down the cost of marketing. It is easier to sell through referrals rather than trying to sell to a new client. Lastly, MICL uses virtual meeting technology like Skype to reduce and cut down on travelling expenses.

4.2.2 Differentiation

MICL has invested in value addition to ensure that their products are differentiated from the other investment companies. The company invests in fencing of the plots they buy, creating roads and ensuring that the plots have water and electricity rather than selling the lands bear. This increases the value of the land and tremendously increases the returns the companies make from these sales. In addition, the company invests in customer training to impact more knowledge on offshore shares and thus encourage more investment. As a result, the company makes more revenue and enhances client referrals which create more clients for the company.

The tastes and preferences of customers keep evolving and as a result, MICL has had to make changes to its products offerings to ensure they meet this need. In addition to trading in shares, the company moved to investing in land. Furthermore, the company invests in fixed and call deposit accounts where surplus cash is invested to earn interest making more revenue for the company. Lastly, the company has ventured into building housing units for sale that add more value to the land. They have developed unique products where they have fractional or joint ownership of the housing units.

MICL has also added and improved the service and products attributes over time to enable them achieve an edge in the market place. MICL has engaged professionals/experts in strategizing new business markets. They have also created a transition team that helps educate the clients/customers about their services. Moreover, they have adopted new business technology that has enhanced the offering of customer services. MICL has adopted a model where they are directly financing their customers in acquiring their products. This means that they earn more revenue through the interest charged through the financing being the cost of finance.

4.2.3 Corporate Strategy

MICL has adopted a low cost model where the aim is to move significant amounts of customers by charging low costs while extending the business of MICL. The low charges are only achievable when the operations of the company are kept at a minimum. MICL has achieved this through maintaining a lean staff, centralization of activities, ensuring they discounts form supplies and virtual meeting technology. In turn, MICL is able to make huge revenues as the cost of their offerings is a minimum. In addition, the company ventured into the real estate business.

MICL has advocated for the enhancing of the products and services that they offer. They have added product attributes to add value and increase the turnover of the company. The respondents gave us an example where they make roads for plots or ensure that there is electricity and water on site which multiplies the value of the land and makes the products attractive and fast selling.

MICL has gradually expanded it business scope since its inception. The company started off trading in shares. Currently, the respondents indicated that they have moved into private equity, real estate and offshore investments. In addition, MICL has an over the counter facility that enables members to trade in their shares.

4.3 Effect of Management Strategies

The ability of MICL to keep its operating costs at a minimum has had several implications. MICL has reduced prices which have led to increased sales volume and increased profitability as a result of lower costs. The lower costs of operations lead to higher profitability margins as profit is the balance of sales minus costs. The revenue has increased from Ksh. 2,849,937 in 2009 to Ksh. 73, 992, 087 in 2016 based on the audited financial statements. The profit has grown from Ksh. 917, 964 to Ksh. 66, 800, 867 whereas the earnings per share have grown from 1.60 in 2009 to 37.94 in 2016. Other investment companies have copied MICL cost strategy due to its effectives. The success of this strategy has motivated them to venture out to new business models.

MICL has been able to create different products for different classes of clientele. MICL offering of unique products has led to the increase in customers which is twofold. Existing customers have increased their level of investment in the company’s products. Moreover, they have referred their family and friends to take up MICL products which in turn have resulted to new customer acquisitions. This has led to the increase in sales from tapping into different markets. In addition, the profitability of the company has also grown due to the increase in sales. Additions of new products to MICL product range has led to attraction of new customers while keeping the existing customers and employees happy. The attributes added to products have added value to MICL products which has left the client happy. The happy clients have in turn referred their friends and family to take up the company's products which come with more value addition than just the product itself. Further, the adopted business model has brought down the cost of sales and marketing, bringing down the overall product cost and resulting in competitive pricing of MICL products.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMENDATIONS

This chapter creates a summary of the findings in chapter four. It goes further to conclude the findings. Further, it analyzes the limitation of the study. Finally, it provides recommendations for further research.

5.1 Summary

The first objective of this study was to establish the strategies adopted by MICL to gain competitive advantage. The respondents identified various factors that enable the company to keep the cost of operations down that lead them to offer their products at competitive prices in the market. MICL has adopted the use of product/service discounts to ensure they keep their costs down. In addition, their employees' multi-task and combine jobs bringing down their payroll cost as they have few employees on their payroll. Further, they outsource non-core services which further bring down their costs of operations as they have once in a while costs instead of monthly fixed costs. Other cost cutting measures include virtual meeting technology, centralization of operations and consolidation of bank accounts.

MICL has taken some strides to set apart its product offerings from the rest in the market place. This has been achieved through the value addition process where they add amenities that would attract investors like roads, water and electricity for land. In addition, they conduct customer training for those investing in offshore shares for them to have a better understanding of their investments. Moreover, they have expanded they product range to real estate where they invest in land, build housing units and developed a product where they have joint or fractional ownership for the units. MICL has also added service attributes that enhance the marketability of their products. They have adopted new business technology and put in place a transition team for customer education to ensure that customers are satisfied with their services. MICL is also directly financing its customers for the products they get from them, that result in extra revenue in terms of interest for the company. Lastly, they engage experts for any products that they undertake.

The second objective of the study was to determine the effect of the adopted management strategies on the competitive advantage of MICL. MICL is able to offer their products at a cheaper price to the market and still meet the profit margins that they are targeting. The effect of this is that it makes the products attractive and highly sought after in the market which in turn increases their sales revenues and the bottom line which is the profitability of the company.

5.2 Conclusion

The choice of strategy adopted by a company has to be relevant to its industry. Different strategies are adopted to tackle different aspects of the organization's goals which may be cutting costs or expanding its market share. How well the strategies of the company are formulated and executed determines the ability of the said strategies to affect and improve its competitive ability in the market place. There was an increase in the sales and turnover of MICL when they added value and functionality to the products. The returns of the company were also increased as a result of the introduction of new products which in turn extended the life of the business of MICL.

5.3 Limitations of the Study

The main limitation of the study was the vague answers that we received from the respondents. The answers received could not make any meaningful decision as it was. The researcher had to keep on explaining the questions to be able to receive elaborate answers and this took a lot of time. The second limitation to this research was time. The respondents were very busy and scheduling a meeting was difficult. The interviews were finally held and the time to analyze the data was then limited.

5.4 Recommendations

The strategies adopted by MICL have worked as the revenues and profitability of the same have been seen to be increasing as per the audited financial statements of the company. The company has not only focused on big strategies like outsourcing but also put on check the small expenses like bank charges and offices supplies. It is important that companies embrace this ideology that all costs matter. The small costs can become bigger costs in future if they are not monitored and reducing profitability in the long run.

The research has also shown that it is important to add value in whatever products or services a company is offers. Customers are keen to establish the value that a company is adding apart from the price. Customers are willing to pay more for products that have additional value. Investment companies and other companies should seek to add value to their products as customers are willing to pay for the perceived value of the product. Moreover, satisfied customers will refer other customers to your products resulting in more sales and reduced marketing cost for the company.

5.5 Suggestions for Further Research

This research was based on a case study. Further research can be conducted for a range of investments companies and check whether the same strategies apply. In addition, the researcher can be able to evaluate whether the same conclusions will be reached. In addition, the same research can be conducted while changing the theories underlying the study to test whether the assumptions will hold.

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APPENDICES

APPENDIX I: Letter of Introduction

University of Nairobi,

College of Humanities and Social Sciences,

School of Business.

Dear Respondent,

I am an MBA student currently carrying out a research on management strategies and competitive advantage of Mhasibu Investment Company limited from the University of Nairobi, School of Business. This study is purely for academic purpose which is in partial fulfillment of the requirement for the Degree of Masters in Business Administration (MBA). I request you to fill in the questions provided in the questionnaire or provide the necessary information to be asked by the research assistant appropriately. The opinion given will be treated with utmost confidentiality and no single responses will be reported on its own but as a summation of all the responses.

Thank you in advance.

Yours Faithfully,

Gladys Wangui King'aru

MBA Student

APPENDIX II: Interview Guide

Section 1: General Information

1. What is your position at Mhasibu Investment Company Limited (MICL)?
2. How long have you worked for the company?
3. What are your qualifications?
4. What is your experience in the area of investment management?

Section 2: Management Strategies

5. How does MICL ensure that their cost of operations is lower than its competitors?
6. How does MICL ensure that their product is differentiated from its competitors in the market?
7. What products and/or services has MICL added to its portfolio?
8. What product/service attributes has been added to improve or add functionality of the products/service?
9. Has the company adopted a new business model or has it entered a new line of business?

Section 3: Competitive Advantage

10. What is the impact of the cost of operations on the ability of MICL to compete in the market?
11. What has been the impact of product differentiation on the competing ability of the firm?
12. What was the impact of adding new products to the business environment?

13. What has been the impact of the new product attributes/functionality on the ability of MICL's products to compete in the market?
14. What has been the impact of the adopted business model or business on the firm's ability to compete in the market place?

THANK YOU FOR YOUR TIME