EFFECTIVENESS OF COMPETITIVE STRATEGIES ADOPTED BY INVESTMENT FIRMS IN KENYA

BY

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DECLARATION

I declare that this research project is my own work and has not been submitted for any degree or examination in any other University.

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DEDICATION

I dedicate this report to my parents Mr. & Mrs. Nyangao, for their support during my studies. I also dedicate this project to my family who has given me ample time while dedicating my time in conducting the study to make it a success.

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ABSTRACT

The investment firms in Kenyan compete in marketing various financial services and products. Investment firms' market development is level because of monetary hardships that have kept on influencing the venture firms, combined with high assessments, solid rivalry from other venture firms. There is no known study in Kenya which has ever been done on the Competitive strategies embraced by investment firms and their adequacy in Kenya. This study tried to fill this gap in information by noting the question: what are the competitive strategies adopted by the investment firms in Kenya and their effectiveness? The proposed study embraced a descriptive research design. The objective population for the investigation was the administrative staff working in investment firms in Kenya. This investigation gathered essential information utilizing semi-structured questionnaires. The closed ended questions were utilized to gather quantitative information while the open ended were utilized to gather the subjective information. The filed questionnaires were checked for completeness, edited and coded to facilitate entry into a computer for analysis. The entered data was analyzed using descriptive statistics such as the mean and standard deviation. This was achieved by the use of a computer software tool to tabulations, percentages, and measures of central tendency. The study found that differentiation strategy such as capacity for innovation, financial inclusion strategies and training employees were implemented to a great extent. Diversification together with marketing and advertising (cost leadership strategies) were adopted to a great extent, the market focus strategies adopted by investment firms to survive in the competitive firms were increasing market share and enhancing customer loyalty. Further, the study established that differentiation strategy which comprised of innovation capacity and financial inclusion strategy were effective to a great extent. Cost leadership strategy through product diversification and marketing together with advertising strategies were effective to a great extent. Market focus strategy which involved improving relationship among the workers and increasing customer base were also effective to a great extent hence the researcher recommends for adoption of these strategies by investment firms.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Business firms in all sectors are prone to high degree of external business environment and industry structures change. In the past decade the economic related activities have been on a consistent and dramatic change due to globalization, demographic changes and changes in social structure. The complex market place where goods and services are produced or delivered has greatly contributed to market competition (David& Sabine, 2006). Globalization and market competition increase has forced the top management to review their competitive strategies to maintain market reputation in terms of quality, cost and ability to deliver so as to withstand the stiff competition (Takala, 2002). Competitive strategy is an unequaled approach utilized by a firm or it intends to use to flourish in the market (Ansoff & McDonnell, 2010). Sidorowicz (2007) posits competitive strategies as a set of skills including; innovation, critical thinking, strategic planning and execution. Competitive advantage strategy gives a long term plan to a specific firm to have an upper hand over its rivals by winning customer trust, build immunity against external competitive forces and create a profitable and sustainable position (Porter, 2006).

This study was guided by several theories such as the Ansoff theory, Porter's five force analysis and the competence-based strategy theory that have tried to determine the applicable competitive strategies to cope competitive market environment. The Ansoff Product-Market Growth model for marketing allows managers to find new avenues for growing their businesses through both existing and new products, in both new and existing markets. Michael Porter's five force model for analyzing the industry is multidimensional in that it looks at more than just a firm's main rivals. The industry's competitive structure and economic environment such as suppliers and buyers' bargaining power, threat of new entrants and substitute products are other aspects considered in the model. Competence strategy-based theory focus on structure and strategy performance on the industrial organization economics. The theory focus on competitiveness of a firm which depends on its distinguishing features (Prescott, 2011). The theory argues that the industry structure, nature and competitive forces determines a firm's profits.

In the last 20 years, investment firms have proved to be among the largest financial investors globally (Berger& Ofek, 2005). Like other countries of the world, investment firms in Kenya portray the ability to create employment opportunities, provide income and hence influence the economy positively. Investment firms perform all banking services which are excluded in commercial services category (Drucker & Puri, 2005). Investment firms play key roles in financial sector such as underwriting and advisory services, trading and brokerage and asset management. The economic performance of many investment firms is anchored on the competitive strategies adopted. Drucker and Puri (2005) argues good customer relationship, increasing the possibility of receiving current and future businesses, is one of the key competitive strategies benefiting investment firms today. Whilst competitive strategy is acknowledged to have effect on firm profitability, scanty attention has been paid to competitive strategies adopted by investment firms by researchers in Kenya. The point of the examination was to break down the viability of aggressive procedures embraced by speculation firms in Kenya and how that in the end impacts their execution.

1.1.1 Competitive Strategies

Thompson and Strickland (2010) define competitive strategy as a management approach aimed at providing unique and superior value to customers for competing in a particular industry. Competitive advantage strategy is a long term plan to a specific firm to have an upper hand over its rivals in the same sector. (Johnson, Scholes & Wittington, 2006). Further, competitive strategy leads to production of a unique and high quality product by undertaking activities differently or operating differently from rivals. Competitive strategy is essentially made to withstand competition and relate a firm to its external and internal environment (Grant, 2005). Having this type of strategy is critical especially when similar products or services are provided by different companies. High organizational performance, customer satisfaction and competitive advantage greatly depend on competitive strategy. Firms which utilize strategic planning by effectively designing and adopting competitive strategies record higher profits than those that do not. Therefore, there is need to find out the competitive strategies adopted by investment firms and their effects on performance.

Porter (1985) established three comprehensive strategy categories: cost leadership, differentiation and focus. In Cost Leadership strategy a firm minimizes its overheads or autonomous costs related to production and distribution of products below its rival's operations' cost level. This is done through economies of scale and operating along the production efficiency line. Differentiation strategy is applied through value addition of a product or service to outdo the similar alternatives produced by the rivals. In differentiation strategy, it is possible to charge a higher price since the firm enjoys customer loyalty. Offensive strategies consist of a set of plans aimed at positioning a firm's level higher compared to its competitors in the same sector. Offensive strategy implementation essentially leads to competitive advantage since the approaches translate to cost leadership benefit, differentiation advantage as well as high quality products and services (Grant, 2005).

Once a firm has gained a competitive advantage, it also adopts defensive strategies to minimize the possibility of rivals regaining competitive strength or resource advantage. Defensive strategies include protecting competitive resources and maintaining the existing competitive advantage which weaken the rival's offensive attempts. Collusive strategies are where firms collude to distort the industry demand and supply equilibrium. The firms collude to reduce the supply of a product or service below the demand so as to raise the price above the equilibrium hence higher returns than their rivals (Grant, 2005).

Strategic alliances are cooperative approaches of competitors which don't control the output prices by distorting the demand and supply equilibrium. These strategies require cooperative efforts which lead to performance improvements in all the participating firms hence deemed non-threatening. Strategic alliances help competitors to manage risks and share costs in absence of economies of scale and reduce the cost of new markets entry of firms lacking the required products, capabilities and resources. They also provide strategic flexibility advantage to market entry of rival firms through minimization of full-scale cost under conditions of high uncertainty (Grant, 2005).

The relationship between competitive strategy and performance was introduced by Barney (2002). Through their research more light was shed on the factors contributing to the difference between performing firms from their struggling rivals. However, the association between competitive strategies and organizational performance is not directly related to all firms hence being an area for further study in the field of strategic management (Pearce et al. 2007). According to O'Regan et al. (2011), strategic management research has focused on firm performance and sources of sustained competitive advantage but so far, no general agreement has been reached as to what works best. Porter (1980) postulates that for a firm to perform it should adopt low-cost strategies coupled with differentiation.

1.1.2 Investment Firms in Kenya

Many firms depend on investment firms in raising their capital through underwriting, advising and distribution (Ellis *et al*, 2011). Investment industry has developed due to the advancement of financial sector and existence of gaps in the services offered by commercial banks (Gill, 1980). The investment industry of Kenya is one of the highly competitive in the region. Kenyan investment industry is dominated by Centum investment, PKF Consulting Limited, Prime Investment Ltd, Hemingways Investment Ltd and Riyal investments. Other key players include; Genesis Kenya Investment management ltd, FSI Capital Ltd Stanlib Kenya Limited among others.

An investment firm carries out banking activities which are not classified as commercial banking. According to market line industry profile (2015) publication, investment firms are basically involved in security writing which is the process of investment firms buying securities from the issuer and resale to final investors. Investment firms issues securities such as debt and equity, in financial market which help firms to raise funds. Investment firms support the transaction by scrutinizing monetary information and business claims, performing due constancy and above all evaluating cases. Through securitization process, an investment firm helps firms to use their assets such as loans to issue debts (CMA, 2002). The fees and commissions charged by Investment firms for providing advisory services and other financial transaction services are the main sources of their profits. Another revenue generator is proprietary trading, although this is by definition not a customer-facing role.

Porter (2008) posits that the nature and degree of industry competition is driven by five aspects: the danger of new passages in the business, substitute items section, dealing intensity of purchasers, haggling intensity of providers and the moving among current candidates. Collectively, the five forces determine the profit potential of any industry (Pearce & Robinson, 2011). Rivalry is brought about when key players compete on the basis of price, new advertising methods, product innovations and an increase in the warranties provided to customers as part of service to customers.

Generally, investment advisory services are dominated by large corporates which can afford to hire advisor experts in several fields. Investment industry is demand driven as opposed to supply driven hence the need for product differentiation and value addition to services and products. Investment industry competitors include the stock brokers and other major commercial banks. The foreign investment firms are well developed posing a stiff competition to the local investment banks. However, it is difficult to evaluate the competitive process in investment industry due to its intricacy (Schuler, 2007). For instance, the diversity of underwriters' services has led to many avenues for competition such as market making prowess, market reputation, service pricing, distribution abilities and analyst recommendations. In this competition process of retaining customers and increasing the market share, investment firms competition is based on market reputation, market making prowess, diversification of services and debt market capacity.

Further, just like any other business, competition for clients is witnessed in investment industry with high likelihood of gaining or losing clients. Investment industry offer loyalty rewards to loyal and non-switching clients by charging them a lower fees, and higher analyst ratings (Schnenone, 2004). It is worth noting that once customers have enjoyed high quality services before their new offerings, have a higher likelihood of remaining with their underwriters. The lateral switchers (customers who switch to equally ranked underwriters) are highly competed for in investment industry. Overall, it has been agreed that aggressive investment firms have high chances of snatching customers away from incumbent underperforming firms due to markets being competitive.

According to Inkpen and Choudhury (1995), firm's policies and competitive strategies to be implemented, factors such as financial resources allocation, operation goals, product lines and distribution channels need to be considered. The competitive strategies formulated based on these factors have a higher likelihood of impacting the firm's performance positively. Porter (1980) posits that the strategy of a firm id the output of top management set of decisions which coalesce into a pattern and logic and hence a firm's strategy can either be explicit or implicit.

1.2 Research Problem

Investment industry plays a crucial role in the capital raising process for firms. According to Global Impact Investing Network (2015) report, there is tremendous globalization of financial markets and services due to economic growth, information revolution and economic volatility. The financial change is fueled by corporate restructuring, investment banking innovation and high securitization trend. Innovations include several foreign currencies dominated issues, flexible types of tax exempt instruments and new collateralized financial arrangements in the United States and other developed countries (Leveson, 2007).

Kenya's investment sector is yet to realize its full potential despite being one of the most competitive in East Africa. The industry's development is fast and a number of foreign investment firms have extended their operations to Kenya. This has propelled the stiff competition experienced in the industry hence the need for competitive strategy adoption among the firms. Competition in the investment industry is intense considering the introduction of new products/services for instance advisory services, Real Estate Investment Trusts (REITs), futures among others. Local investment firms in Kenya are facing stiff competition from foreign investment firms which are well established. Kenyan investment firms have opted to adopt new competitive strategies in order counter the high competition force in the market (Kairu, 2013).

Competitive strategies adopted by various firms have been studied in different parts of the world. Ellis, Michaely and Hara (2010) conducted a study in U.S on strategic responses to competition in firms' investment sector. The study utilized primary data and linear regression analysis was utilized. The study found that the main strategies employed include; management of customer relationship, diversification of market and improvement of value chain in order to maintain competitive advantage. Afram (2011) investigated the strategies adopted by the investment firms in Ghana to survive in the competitive sector. He found that the investment firm employed focus strategy so as to pay adequate attention to large corporate clients. Bakar and Ahmad (2012) studied the association between firm resources and product innovation performance and concluded that the intangible resources of enterprises in Malaysia had a significant relationship with product innovation performance which led to company competitive advantage.

Locally, Ruibi (2012) investigated how the development of investment firms affect the economic growth in Kenya, and found that investment firms' development have a significant effect on economic growth in Kenya. A study conducted by Ndungú, Machuki and Murerwa (2014) looked at strategies adopted by investment firms due to economic changes in Kenya. They established that investment firms need to consider the environment while determining the strategies to adopt to avoid environmental negative impacts. Kairu (2013) focused on determinants of sustainable competitive advantage among 100 top performing investment firms in Nairobi County, Kenya. The results revealed that the key factors affecting sustainable competitive advantage were; increased number of new firms in the industry, customer relationship management, market focus and operations cost. From the foregoing, of all local studies, none focused on competitive strategies adopted by investment firms and their effectiveness in Kenya. This study aimed at addressing this knowledge gap also, to answer the exploration question; what is the adequacy of competitive strategies adopted by investment firms in Kenya?

1.3 Research Objectives

The study objectives included;

i. To establish the competitive strategies adopted by investment firms in Kenya.

ii. To establish effectiveness of the competitive strategies adopted by investment firms in Kenya.

1.4 Value of the Study

This exploration will likewise go about as a kind of perspective material to future analysts on other related research themes and will help academicians who are attempted comparative points. Different analysts will, thusly, have the capacity to grow the contention of focused methodologies and firm execution. This will establish a premise on which further investigations might be directed.

This study's findings may be useful to the investors and other policy making bodies as a benchmark for development policies formulation related to the sector in the economy. Investors would get helpful information which they can use to make their investment decisions.

This study may be of importance to the financiers, advisors of company managers, banks and other financial institutions. They may use this study to gather information on the financial management challenges that company managers face and thus be in a position to adopt competitive strategies that enhance their financial performance and cope with competition in Kenyan market. The study could also assist the top management of investment firms in strategy formulation and implementation and create a concrete reference for the formulation of new wide reaching competitive strategies that could enhance the performance of investment firms.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the available literature which is either directly or indirectly related to competitive strategies. Specifically, the chapter reviews the theoretical frameworks that pertain to the study, the competitive strategies adopted by investment firms and empirical literature review

2.2 Theoretical Review

Three theories which include Michael Porters Theory, Ansoff's growth strategy theory, and Competence Based Theory were used in the study.

2.2.1 Michael Porter's Competitive Forces Theory

Porter (1998) argue that the degree of industry competition is dominated by five forces; the danger of new passages in the business, substitute items section, bartering intensity of purchasers, haggling intensity of providers and the maneuvering among current challengers. The idea is to determine how each of these factors increases level of competition in the industry. The stronger the forces, the higher the competition will rise and the weaker the forces, the lower the competition. According to Pearce & Robinson, (2011), the financial performance of firms is greatly influenced by the five forces. Market competition leads to rivalry. Rivalry occurs when key players compete on the basis of price, new advertising methods, product innovations and an increase in the warranties provided to customers as part of service to customers. Every firm adopts a competitive strategy to improve its position in the industry. Product substitute force uses price ceilings and price floors which firms in the industry can charge hence minimizing the possible profits attainable.

New entry by other firms in the industry drive the need to have a significant share of the market and also come with additional resources that are bound to increase prices or drive them down. Suppliers bargaining power happens by either reducing the quality of goods and services or increasing their prices. The impact is limiting possible profits level in the industry. Buyers on the other hand have a powerful effect on pricing since they can bargain for it to be driven down or demand superior quality, more range of services, or pit competitors against each other at the expense of industrial profitability (Tanwar, 2013).

Michael Porter's five force model for analyzing the industry is multidimensional in that it looks at more than just a firm's direct rivals. Different viewpoints incorporate the business' competitive structure and economic condition, including the bargaining power of providers, bargaining power of purchasers, the risk of new contestants, and the risk of substitute items. Porter's five forces model is applicable to all businesses in different sectors. The porter's model determines the attractiveness of any industry from the company's perspective (Dirisu, Oluwole & Ibidunni, 2013) and the performance of a business depends on the competitiveness of the industry.

2.2.2 Ansoff's Growth Strategy Theory

The Ansoff (1957) Product-Market Growth model for marketing gives top management to improve firm's performance by developing new products, improving the quality of the existing products, in both new and existing markets. The matrix provides four product/market possible combinations which are significant in making strategic decisions to achieve the desired goals given the present firm performance position. The four strategies which make up the matrix are; Market penetration (existing products, existing markets), Market development (existing market, new product), Product development (existing market, new product) and Diversification (newer markets).

Market penetration (existing markets, existing products) happens when a firm makes use of current products to penetrate into the existing and gain competitive advantage. This is possible by increasing the market share through snatching the rival's customers. A firm can achieve market penetration by persuading current customers to increase their consumption of the product/service through advertisements using social media, TV and radio and product promotions. Product development (existing markets, new products) entails adding value to the existing product or development of purely new product meeting the needs of a newly defined market niche. Firms with existing market share for their products can embark on developing newer products targeted at the same market. Creation of new products in most cases attract new customers and therefore product development is a business strategy used by firms to outperform competitors. Market development (new markets, existing products) occurs when an already existing commodity can be modified or targeted to a different section of consumers in order to cash in more revenues to the firm. This strategy aims at the non-buying customers in the targeted sections. The new customers can be categorized according to their geographic location, demographic, institutional or psychographic categories. A successful market development strategy requires crossing the chasm between the early market and mainstream. Diversification is the fourth section of the matrix and it enables the firm to expand its outreach to newer markets where there is no established presence. Newer skills, facilities and techniques are necessary for diversification to take place. The results of diversification in an organization are changes in the overall business structure that is distinct from past business experiences (Ansoff, 1957). Diversification is the most risk strategy Ansoff since the firm has very limited information about the new industry and does not know whether the business will be successful or not.

In addition to the competitive strategies, the Ansoff growth strategy gives risk elements related to each strategy in the matrix. Strategies related to existing products and existing markets have a lower risk hence more predictable. Product development and market extension therefore is a product of greater risks than penetration alone and diversification efforts carry the greatest risks hence most activities geared towards marketing center around market penetration (Hande & Vedat, 2015).

Peder and Richard (2013) stated that the success of companies lies in their ability to resolve 'the dilemma of opposites'. Ansoff Matrix despite its little value, it is widely applied by many firms since it provides several opportunities for competitive advantage (Aaker, 2011). In particular, Aaker (2011) argues that notes that there is a possible equilibrium between the strategies and several firms which have adopted this approach and generally expanded overtime to key industrial players.

2.2.3 Competence Based Theory

Competence based theory argues that the capacity of a firm is based on its competitive advantages over its competitors hence increasing profits which is a key indicator of firm performance (Prescott, 2011). Competence based theory among other theories try to explain how firm performance is affected by the strategies adopted. Hence, this makes it applicable in assessing the competitiveness of a firm and its sales that coincide with customer satisfaction hence enhancing their general performance in the market (Lovelock, 2011). This approach is useful in business management and has to be applied in an appropriate manner.

The theory also proposes that being present success in a competitive industry relies upon effective behavior and leadership of the firm (Prescott, 2011). In order to dominate the market, the management should adopt competent strategies and comprehensively understand the future needs of the customers. Working up a creative view about new courses of action, organizing business part needs later on, and arranging the market interface the customer situated inclinations are beginning strides of dynamic ability. This obviously shows the solid bit of outside-in introduction which is a trademark highlight of the capability based view.

Competence based theory allows the businesses to obtain specific resources in an open system interaction with the environment to improve productivity. The emergence of new technologies, products and new competitors' entry in the market constantly affect the competitive advantage of a firm. As a result of this, competitive advantage strategies have been developed based on flexibility and adaptability to technological advancements. (Whetton, 2011). This theory gives the basis for competitiveness of firms. Thus this theory corresponds the ability of a firm assessing the dynamic business environment and come up with competitive advantage strategies.

2.3 Competitive Strategies in Investment Industry

Firms use different strategies in order to gain competitive advantages. Some of the strategies include; cost leadership, differentiation and focus.

2.3.1 Cost Leadership Strategy

Cost leadership strategy requires an ease maker in an industry for a given level of value. It looks to draw in clients in view of cost or cost and is exceptionally important if the market is value delicate. As per Kotler and Armstrong (2001), a firm ensures they undertake the most cost effective strategies in production aiming to value their products lower than its competitors hence getting a bigger market share. Associations that accomplish minimal effort administration commonly make ease in respect to contenders the topic of their whole business procedure (Thompson and Strickland, 1998).

The firm can either offer its products at normal prevailing prices and fetch higher profits than its competitors, or offer them at a price lower than the normal business costs to gain more market share in the industry. Firms may benefit from cost process efficiencies, increasing access to a more sources of lower cost materials, making ideal outsourcing and vertical coordination choices, or avoiding unnecessary costs. As demonstrated by Porter (1998), cost specialist requires strong improvement of viable scale workplaces, energetic journey for cost diminishes for a reality, tight expense and overhead control, avoidance of immaterial customer records and cost minimization in regions like imaginative work, advantage, bargains propel, publicizing, among others.

2.3.2 Differentiation Strategy

Differentiation is the advancement of an item or an administration that is seen industry wide as being extraordinary. Differentiation looks to furnish exceptional items with extra value qualities. Clients value the special qualities and the value added by the uniqueness of the item may enable the firm to charge a superior cost for it. The firm spotlights on making a significantly separated item offering and exhibiting program with the objective that it gives off an impression of being the class pioneer in the business (Kotler and Armstrong, 2001). Approaches to manage separation can take various structures (Porter 1998): layout or brand picture, advancement, features, customer advantage, dealer mastermind or diverse estimations.

Clark (2000) recommends that a firm can make its items not the same as those of its rivals in terms of quality, marking, feel, sturdiness, taste and so forth. By differentiating a firm wins brand loyalty with a resultant lower sensitivity to cost. A differentiator still stresses over cost since it will impact the edges. As per Porter (1998), accomplishing differentiation will swap with cost position if the exercises required in making it are inalienably expensive, for example, broad research, item plan, superb materials or serious win of client trust. Differentiation faces various dangers. These include: imitation from different contenders that decrease the uniqueness, changes in client tastes and unwillingness by clients to pay the superior cost when the cost differential between the ease contenders and the differentiated firm turns out to be excessively incredible for separation, making it impossible to hold mark devotion.

2.3.3 Focus Strategy

The focus strategy looks into a small segment and endeavors to accomplish either a cost preferred standpoint or differentiation. The focus specializes on a specialty market and offers customized services. The start is that concentrating completely on it and serving the specific target can better market segment satisfaction. A firm seeking to adopt focus strategy has to differentiate its products by either satisfying their customers through quality products, lower the cost of the products or both (Porter, 1998).

Dangers related with focus strategy are: different firms might adopt the strategy and cut out sub-fragments that they can serve better and it might be easy for a broad market cost leader to adjust keeping in mind the end goal to compete. In addition, changes in the objective market and imitation also pose a great risk (Pearce and Robinson, 1997).

2.4. Empirical Literature Review

Researchers have over the years conducted several studies on competitive strategies adopted by investment firms and commercial banks. For instance, Ellis, Michaely and Hara (2010) investigated the strategic responses used by investment firms to cope with competition in investment banking in U.S. The study used a sample of 50 investment firms, selected through random sampling. Primary data through the use of questionnaires was used. The questionnaires were dropped in various investment firms and picked later. The study concluded that the main strategies employed by investment firms to maintain competitive advantage were; management of customer relationship, diversification of market and improvement of value chain.

Afram (2011) investigated how investment firms in Ghana adopt competitive strategies to survive in the competitive sector. A total of 30 investment firms were considered for the study. However, 12 investment firms were selected as the sample for the study. Primary data and secondary data were used to study the study variables. Well-structured questionnaires were used to capture the competitive strategies while financial performance data (return on assets) was extracted from the investment firms' annual reports available in its website to capture the financial performance using return on equity. The study found that the investment firms employed focus strategy to a great extent so as to pay adequate attention to large corporate clients and improve its financial performance.

Bakar and Ahmad (2012) looked at the association between firm resources and product innovation performance. A total of 25 investment firms were considered for the study. However, 10 investment firms were selected as the sample for the study. Descriptive research design was employed in the study. Primary data through use of semi-structured questionnaires was used to determine the association between the variables. He concluded that the intangible resources of enterprises in Malaysia had a significant relationship with product innovation performance which led to company competitive advantage.

Locally, Ndungú, Machuki and Murerwa (2014) study looked at strategies adopted by investment banks as a strategic response to economic changes in Kenya. 20 investment banks in Nairobi was the sample used and data was captured using a well-structured questionnaire. Descriptive statistics such as graphs and percentages were carried out to determine the general opinions of the respondents. The results revealed that investment banks need to consider the environment while determining the strategies to adopt to avoid environmental negative impacts.

Kairu (2013) focused on determinants of sustainable competitive advantage among 100 top performing firms in Nairobi County, Kenya. The period of the research was between 2009 and 2013. Secondary data and primary data for100 firms were used in the study. The study employed the multiple linear regression in the analysis. Financial performance was measured by return on investment and innovation was measured by the number of mobile money transfer services. From their study, they concluded that innovation strategy was the main factor influencing the financial performance of the firms. The other key factors included; increased number of new firms in the industry, customer relationship management, market focus and operations cost.

Another study by Ruibi (2012) established the effect of investment banking on economic growth. Descriptive research design was employed in the study. Firsthand information through utilization of semi-organized questionnaires was utilized to decide the relationship between the factors. The examination utilized the multiple linear regression in the investigation. What was inferred was that there is a solid positive connection between investment banking and monetary development in Kenya.

From the discussed global and local studies, it is clear that none of the studies have focused on effectiveness of competitive strategies adopted by investment firms. This creates a gap that the study addressed.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlined the research methodology which was utilized as a part of the study. The chapter incorporates: the research design, targeted population, methods of data collection and data analysis methods.

3.2 Research Design

Descriptive research design was preferred because under descriptive research design, the problem is well designed and the researcher engages the study by going to the population of interest and the population explains and clarifies some features about problem under study (Mugenda & Mugenda, 2003).

The descriptive research design was preferred due to its suitability for determining the competitive strategies adopted by investment firms in Kenya. In getting their responses to the questionnaires, their attitudes and perception will be interpreted. The descriptive research design was also useful in describing and illustrating how competitive strategies were adopted among the investment firms in Kenya.

The managers or their equivalents in various departments are responsible for the formulation and adoption of competitive strategies as well as their impact on their businesses and they were targeted to provide insight to the study.

3.3 Target Population

Mugenda & Mugenda (2003) characterize population as the whole group of people or items from which the study seeks to take a broad view of its findings. The population of study comprised of all registered investment firms in Kenya. The total numbers of investment firms registered in Kenya are 975 (Business list, 2018).

3.4 Sampling Design

Kothari (2003) explains that sample size refers to the number of items to be selected from the target population. The sample size should be appropriate to meet the requirements of efficiency, reliability, representation and flexibility.

According to Mugenda, (2003), a sample of 10% is acceptable to make general conclusions. For this study, the researcher used 10% of the target population of 975 investment firms, giving the sample size of 98 investment firms. The investment firms were selected using simple random sampling to reduce biasness.

3.5 Data Collection

The use of numerous methods and triangulation is essential in trying to obtain a comprehensive understanding of the phenomenon being investigated. This approach enhances rigor, breadth, and depth to the research offers corroborative evidence of the data collected (Mugenda, 2003).

Structured questionnaires were used in collecting firsthand information. Copies of the questionnaire were administered to managers, accountants, clerks, financial analysts and financial advisors of various investment firms.

To obtain the required information for the two objectives, the study utilized primary data sources. The questionnaire was divided into three sections, with section A focusing on the background information of the investment firms and the respondent, section B based on the competitive strategies adopted by investment firms while section C captured the effectiveness of the competitive strategies. A questionnaire was preferred as it was easy to administer.

3.6 Data Analysis

Data analysis involves the necessary steps used to bring the meaning and order to the data to be collected. The data was classified, tabulated and summarized using descriptive statistics that consisted of measures of central tendency, frequencies and percentages. The results were also presented in graphs for better presentation.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

Chapter four gives the data analysis results based on the information collected from the questionnaires. This study utilized primary data in the analysis. In section 4.2, section 4.3 and section 4.4 data was analyzed in terms of descriptive statistics. Section 4.5 presents interpretation and discussion of results.

4.2 Response Rate

The study targeted 98 investment firms in Kenya to determine the competitive strategies adopted by the investment firms and their effectiveness. 5 questionnaires were distributed to each firm and a total of 490 questionnaires were issued out. However, out of 490 questionnaires distributed, 390 questionnaires were filled in and returned, representing a response rate of 79.59%.

Table 4.1 Response Rate

Respondents	Frequency	Proportion (%)
Target Population	490	100
Response Rate	390	79.59

4.2 Background Information

The demographic details comprised of the highest education level of the respondent, the designation of the respondent, duration respondent has worked in the firm, duration the firm has been in existence, number of employees in the firm and the ownership structure of the firm.

4.2.1 Highest Education Level

The respondents were requested to indicate their highest education level. The information on the education level was important for the researcher to determine how qualified the employees of the investment firms were since they are key in the formulation and implementation of competitive strategies.

Table 4.2 Highest Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	40	10.3	10.3	10.3
	Diploma	110	28.2	28.2	38.5
	First Degree	120	30.8	30.8	69.2
	Masters	120	30.8	30.8	100.0
	Total	390	100.0	100.0	

The majority of the respondents had first degree and post graduate masters at equal percentages of 30.8%. 28.2% of the respondents had diploma level while 10.3% had certificate level of education.

4.2.2 Duration Firm has been in Existence

The duration a firm has been in existence is a key measure to gauge the survival and performance of the firm. The respondents were additionally asked for to demonstrate the time allotment the firm has been in task. The outcomes are appeared in table 4.3 and figure 4.1 below

Table 4.3 Duration the firm been in existence

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5 Years	95	24.4	24.4	24.4
	6-10 Years	100	25.6	25.6	50.0
	11-15 Years	120	30.8	30.8	80.8
	Above 15 Years	75	19.2	19.2	100.0
	Total	390	100.0	100.0	

The highest proportion, 30.8% of the firms have been operating in Kenya for the period between 11-15 years. The 6-10 years period followed with 25.6%, 0-5 years with 24.4% and above 15 years had the least number of investment firms representing 19.2%.

4.2.3 Designation

The designation of the respondent in the firm was important in determining the reliability and accuracy of the information provided. The respondents in higher rank of management are likely to give more accurate information compared to subordinate staff since they have the responsibility in implementing the competitive strategies for improved performance of the firms. The results on the respondents' designations are presented in table 4.4.

Table 4.4 Designation in the firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager	215	32.1	32.1	32.1
	Financial Advisor	1000	25.6	25.6	57.7
	Accountant	115	29.5	29.5	87.2
	Clerk	45	11.5	11.5	98.7
	Financial Analyst	5	1.3	1.3	100.0
	Total	390	100.0	100.0	

The findings indicated that 32.1% of the respondents were managers, 29.5% accountants, 25.6% financial advisors, 11.5% clerks and 1.3% financial analysts. The researcher managed to conduct the highest personnel in the firms according to the findings presented in table 4.4 above indicating the information was reliable.

4.2.4 Duration Worked in the Firm

The researcher asked the respondents to demonstrate to what extent they had been utilized in the organizations. The outcomes on term the respondents have worked in the organizations are demonstrated in table 4.5 below.

Table 4.5 Duration worked in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5 Years	185	47.4	47.4	47.4
	6-10 Years	115	29.5	29.5	76.9
	11-15 Years	80	20.5	20.5	97.4
	Above 15 Years	10	2.6	2.6	100.0
	Total	390	100.0	100.0	

From table 4.5 above, 47.4% of the respondents had worked in the firm for the period between 0 to 5years, 29.5% had worked for the period between 6 to 10 years, 20.5% had worked for 11-15 years while 2.6% had worked for above 15 years. The results clearly demonstrate that greater part of the respondents had worked in their particular firms for a period between 0 to 5 years.

4.2.5 Employee Size

The respondents were asked for to show the quantity of workers were in their organizations. The outcomes are exhibited in below in table 4.6.

Table 4.6 Employee size

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-50 Employees	110	28.2	28.2	28.2
	5-100 Employees	110	28.2	28.2	56.4
	100-150 Employees	110	28.2	28.2	84.6
	Above 150 Employees	60	15.4	15.4	100.0
	Total	390	100.0	100.0	

From the findings, the respondents indicated equal number employees in their firms ranging from 0 to 50 employees, 5 to employees and 100 to 150 employees representing 28.2%. Only 15.4% of the respondents indicated that their firms had above 150 employees. This indicated the least number of firms had more than 150 employees.

4.2.6 Ownership structure

The researcher also requested the respondents to indicate the form of ownership of their investment firms.

Table 4.7 Ownership structure of the investment firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Foreign Company	35	9.0	9.0	9.0
	Sole Proprietorship	180	46.2	46.2	55.1
	Partnership	75	19.2	19.2	74.4
	Limited Company	100	25.6	25.6	100.0
	Total	390	100.0	100.0	

The highest percentage (46.2%) of the respondents indicated their investment firms were sole proprietorship, 25.6% were working in limited companies, 19.2% in partnerships and 9.0% were foreign companies. The results revealed that majority of the investment firms were sole proprietorship.

4.3 Competitive Strategies Adopted

To capture the information on the competitive strategies adopted by the investment firms, the researcher requested the respondents to indicate the extent to which their investment firms adopted each of the three main competitive strategies (cost leadership, differentiation and market focus strategies) stated in a Likert scale.

4.3.1 Cost leadership Strategy

To measure the extent to which cost leadership strategy was adopted by investment firms in Kenya, the respondents were given five strategies categorized under cost leadership strategy which included product diversification, marketing and advertisements, undertaking new ventures, research development and service and product distribution. The scale ranged between 1-5 where: 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent. The results on the extent to which the strategies were adopted in the investment firms in Kenya are presented in table 4.8 below.

Table 4.8 Cost Leadership Strategy

Cost Leadership Strategy	N	Minimum	Maximum	Mean	Std. Deviation
Product diversification	390	3.00	5.00	4.3846	0.62897
Marketing and advertisements	390	3.00	5.00	4.2821	0.50703
Ability to take risks in new ventures	390	3.00	5.00	4.1282	0.56658
Research development	390	2.00	5.00	3.9872	0.78117
Service and product distribution	390	2.00	5.00	3.6795	0.87525
Valid N (listwise)	390				
Average Mean				4.0923	

Table 4.8 indicates that to a great extent (mean $3.5 \leq x \leq 4.4$) respondents agreed that product diversification was adopted by the investment firms since the mean and the standard deviation were (4.3846) and (0.62897) respectively. Since the standard deviation was less than one, it indicated there were small variations on adoption of product diversification of investment firms.

Further, the mean of marketing and advertisements was (4.2821) with the standard deviation being (0.50703). With a mean of (3.9872), indicating a great extent, the firms adopted research development with a standard deviation of (0.78117) indicating small variability. Service and product distribution had a mean and standard deviation of (3.6795) and (0.87525) respectively showing a moderate variability. Averagely, the results revealed that to a great extent cost leadership strategy was adopted by investment firms in Kenya.

Under cost leadership strategy, product diversification, marketing and advertisements and taking risks to invest in new ventures were highly adopted by investment firms in Kenya since they had the highest mean values. On average, cost leadership strategy was adopted by investment firms in a great extent since the average mean was found to be (4.0923).

4.3.2 Differentiation Strategy

Further, the respondents were provided with five statements to capture differentiation strategies which included capacity for innovation, financial inclusion, staff training, efficiency of internal operations and information communication technology. In Likert scale ranging from 1-5, where 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent, the respondents rated the extent to which various differentiation strategies were adopted.

Table 4.9 Differentiation Strategy

	N	Minimum	Maximum	Mean	Std. Deviation

Capacity for Innovation	390	3.00	5.00	4.4359	.54866
Financial inclusion strategies	390	2.00	5.00	4.2436	.72409
Training of staff	390	3.00	5.00	4.1795	.52826
Efficiency of internal operations	390	3.00	5.00	4.0769	.57591
Information communication technology	390	2.00	5.00	3.5641	.94786
Valid N (listwise)	390				
Average Mean				4.1000	

To a very great extent, (mean $4.4 \leq x \leq 5.0$) the respondents agreed that the investment firms had adopted capacity for innovation. The mean score for capacity for innovation was (4.4359) and the standard deviation was (0.54866) indicating moderate variability. It was also noted that, to a great extent and moderate variability, financial inclusion strategies were adopted by investment firms the mean and standard deviation being (4.2436) and (0.72409) respectively. The mean for training of the staff was (4.1795) and a standard deviation was (0.52826), internal operations scored (4.0769) and (0.57591) as the mean and standard deviation respectively. To a moderate extent the respondents indicated that information communication technology strategies were adopted in their investment firms scoring (3.56641) and (0.94768) as the mean and standard deviation respectively showing moderate variability.

The most adopted differentiation competitive strategies by investment firms in Kenya included; innovation capacity, financial inclusion, staff training and efficiency of internal operations. Averagely, the differentiation strategy was adopted with an average mean of (4.100) indicating great extent of adoption by the investment firms.

4.3.3 Market Focus Strategy

The respondents were provided with five statements aimed at capturing the extent to which market focus strategy was adopted in their firms as a form of competitive strategy. In Likert scale ranging from 1-5, where 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent, the respondents rated the extent to which various market focus strategies were adopted.

Table 4.10 Market Focus Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
Growth in market share	390	3.00	5.00	4.3590	.66400
Enhance customer loyalty	390	3.00	5.00	4.3590	.62365
Increased customer number	390	3.00	5.00	4.2051	.69055
Offer low cost product to customers	390	1.00	5.00	3.5897	.95938
Relationships with workers	390	1.00	5.00	3.5769	.96051
Valid N (listwise)	390				
Average Mean				4.01794	

From the results, the respondents to a great extent indicated that the investment firms adopted both strategies to increase market share and enhancing customer loyalty with scoring (4.3590) as the mean with (0.66400) and (0.62365) being their respective standard deviations. Increasing customer base or number scored a mean of 4.2051 with a standard deviation of (0.69055) while offering low cost product to customers had a mean of (3.5897) with a standard deviation of (0.95938). Improvement in workers' relationship scored a mean of (3.5769) with a standard deviation of (0.96051). Since the standard deviations for all strategies were less than 1, it was evident that the extent to adoption of market focus strategy by the investment firms showed small variations.

On average, market focus strategy scored a mean of (4.01794) showing a great extent of market focus strategy by investment firms in Kenya.

4.4 Effectiveness of Market Strategies

The three main competitive strategies were further subdivided into specific strategies and their effectiveness captured in a scale of 1-5 where 1- very small extent, 2- small extent, 3- moderate extent, 4- great extent, 5- very great extent. The results for each strategy are presented in tables 4.11, table 4.12 and table 4.13 below.

4.4.1 Effectiveness of Cost Leadership Strategy

The researcher sought to determine the extent to which cost leadership strategy was effective in various investment firms in Kenya which had adopted it to cope with the stiff competition the industry.

Table 4.11 Effectiveness of Cost Leadership Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
Product diversification	390	3.00	5.00	4.4231	.59258
Marketing and advertisements	390	3.00	5.00	4.1795	.55229
Ability to take risks in new ventures	390	2.00	5.00	3.9103	.68729
Service and product distribution	390	2.00	5.00	3.8846	.92555
Research development	390	2.00	5.00	3.8205	.89361
Valid N (listwise)	390				

According to the results shown in table 4.11 above, product diversification and marketing advertising strategies were highly deemed effective by the investment firms in Kenya. This is due to their high values in mean values and standard deviations indicating small variations. Ability to undertake new ventures, service and product distribution, and research development followed with means of (3.9103), (3.8846) and

(3.8205) respectively. Their standard deviations were relatively larger than product diversification and marketing and advertising indicating relatively bigger variability in effectiveness among different investment firms in Kenya.

4.4.2 Effectiveness of Differentiation Strategy

The effectiveness of differentiation strategy was measured by requesting the respondents to indicate the extent to which the various strategies under differentiation strategy were effective.

Table 4.12 Effectiveness of Differentiation Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
Capacity for Innovation	390	3.00	5.00	4.4103	.56834
Financial inclusion strategies	390	2.00	5.00	4.2564	.71051
Training of staff	390	3.00	5.00	4.1667	.49456
Efficiency of internal operations	390	3.00	5.00	4.0897	.58523
Information communication technology	390	2.00	5.00	3.5000	.96362
Valid N (listwise)	390				

The respondents indicated to a very great extent that innovation capacity was highly effective form of differentiation strategy to cope in the competitive business environment with a mean of (4.4103) with a standard deviation of (0.56834), followed closely by (4.2564) which was the mean for financial inclusion strategy with a standard deviation of (0.71051) indicating moderate variations. Staff training scored a mean of (4.1667), efficiency of internal operations (4.0897) and information communication strategy technology came last with a mean of (3.500). This shows that information communication technology strategy was least effective while innovation capacity improvement was the most effective among the differentiation strategies.

4.4.3 Effectiveness of Market Focus Strategy

The results on the effectiveness of market focus strategy are presented below in descriptive statistics. This was obtained from the indications by the respondents on the extent to which they observed the effectiveness of each market focus strategy. The findings are also discussed below table 4.13.

Table 4.13 Effectiveness of Market Focus Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
Relationships with workers	390	3.00	5.00	4.4615	.55109
Increased customer number	390	3.00	5.00	4.1795	.52826
Growth in market share	390	3.00	5.00	4.0897	.51436
Offer low cost product to customers	390	2.00	5.00	4.0256	.66400
Enhance customer loyalty	390	2.00	5.00	3.5641	.63634
Valid N (listwise)	390				

The results revealed that improving relationship among the workers was the most effective strategy under market focus strategy scored (4.4615) as the mean while standard deviation was (0.55109). The mean for increased customer number was (4.1795) and standard deviation was (0.52826). The least effective strategy which enhanced customer loyalty scored (3.5641) while the standard deviation was (0.63634) which was moderate variation.

4.5 Interpretation and Discussion of Results

The researcher found that high proportion of respondents companies had been in existence for at most 5 years. Further, majority of the investment firms were partnerships with majority having at least 150 employees. Most of the respondents were managers of the various investment firms involved in the study guaranteeing high quality and accurate information.

In regard to the competitive strategies, differentiation strategy which involved capacity for innovation, financial inclusion strategies and training employees were highly adopted competitive strategies. This coincides with the conclusion by Bakar and Ahmad (2012) who looked at the association between firm resources and product innovation performance and concluded that the intangible resources of enterprises in Malaysia had a significant relationship with product innovation performance which led to company competitive advantage.

The study also established that investment firms were using cost leadership strategies. In relation to cost leadership strategy, the investment firms focused on diversification of their products and services so as to meet the needs of customers with diversified needs. Investment firms also concentrated on marketing and advertising of their products to inform their customers and prospects on the services and products have.

The investment firms were also found to adopt market focus strategy. Under the market focus strategy, the firms adopted both strategies to increase market share and enhancing customer loyalty. Increase in market share was found to be the highly adopted market focus strategy since the firms produced goods and services which were aimed at reaching the highest number of customers. Customer loyalty was also adopted in order to maintain the existing customers and shield them from their rivalries.

The effectiveness of the various strategies was also captured by the researcher. To a great extent, it was found that under cost leadership strategy, product diversification and marketing advertising strategies were highly deemed effective by the investment firms in Kenya. This was due to the fact that many consumers prefer a number of alternative products and services for them to choose from. Marketing and advertising was also found to be effective since the customers needed to be informed of the available products and services the various investment firms had.

In regard to differentiation strategy, innovation capacity was found to be highly effective in a great extent. Many investment firms invested highly in innovation in order to come up with value added products and services and this helped in coping with their rivalries in the highly competitive sector. Financial inclusion where the investment firms ensured their customers have easy access of affordable financial products and services customized to meet their needs was also found to be effective competitive strategy.

Improving relationship among the workers was the most effective strategy and increasing customer base/ number were the most effective strategies under market focus strategy to a great extent. Good relationship among workers enhanced better communication and sharing of ideas between the subordinate staffs and the top management on the needs of the customers. This helped in developing strategies aimed at addressing the needs hence increasing the number of customers.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary, study findings, suggestions based on the study conclusions, limitations of the study and areas recommended for further studies.

5.2 Summary of the Findings

The study findings revealed that majority of the investment firms operating in Kenya are partnerships which have at most 150 employees. Majority of the firms have been in existence for the period between 11 to 15 years. This was a clear indication that for them to continue operating in a highly competitive sector for more than 10 years, they had adopted various competitive strategies which the researcher sought to determine.

The specific objective of the study was to establish competitive strategies adopted by investment firms in Kenya and their effectiveness. Under the differentiation strategy, capacity for innovation, financial inclusion strategies and training employees were highly adopted competitive strategies. Cost leadership strategy was also adopted to a great extent through product diversification together with marketing and advertising. Further, the investment firms adopted to a great extent the market focus strategy. In market focus strategy, majority focused on increasing market share and enhancing customer loyalty so as to retain the existing customers and shield them from being snatched by their rivalries in the sector.

Secondly, the study aimed at establishing the key strategies adopted by investment firms as competitive strategies together with their effectiveness. To a great extent, differentiation strategy which consisted of innovation capacity and financial inclusion strategy were the most effective forms of differentiation strategy to cope in the competitive business environment. In addition, product diversification and marketing advertising strategies under cost leadership strategy were highly deemed effective by the investment firms in Kenya. Finally, under the market focus strategy, improving relationship among the workers and increasing customer base through production of goods and services aimed at addressing the needs of the majority of the customer needs were the most effective strategy.

5.3 Conclusions

The study concludes that, most investment firms having been in existence for more than 10 years in Kenya, they have adopted various competitive strategies to continue operating in the highly competitive environment. Further, the study concludes that, the most adopted forms of differentiation strategy were capacity for innovation, financial inclusion strategies and training employees. On the other hand, the cost leadership strategies adopted to a great extent consisted of diversification together with marketing and advertising. To a great extent, the market focus strategies adopted by investment firms to survive in the competitive firms were increasing market share and enhancing customer loyalty.

The study also concluded that, in regard to effectiveness of the competitive strategies adopted by the investment firms, differentiation strategy which comprised of innovation capacity and financial inclusion strategy were effective to a great extent. Cost leadership strategy through product diversification and marketing together with advertising strategies were effective to a great extent. Market focus strategy which involved improving relationship among the workers and increasing customer base through production of goods and services aimed at addressing the needs of the majority of the customer needs were effective to a great extent.

5.4 Recommendations

Differentiation strategy was found to be highly adopted competitive strategy among the investment firms and also the most effective. This study therefore recommends investment firms in Kenya should adopt of differentiation strategy which consists of improving innovation capacity and financial inclusion. Enhancing innovation capacity translates to production of high quality and unique products which are different from the products and services of their rivalries.

The study also recommends for adoption of cost leadership strategy by firm management to a great extent such as product diversification and marketing together with advertising. Product diversification translates to more variety of products which the customers can choose from. Marketing together with advertising informs the customers the available products for them and this gives a competitive edge to firms.

Finally, the study recommends for the adoption of market focus strategy and specifically improving relationship among the workers and increasing customer base through production of goods and services aimed at addressing the needs of the majority of the customer needs since are effective to a great extent.

5.5 Limitations of the Study

One of the key constraints the researcher faced was time constraint. This was due to the fact that the study utilized primary data which was obtained from several individual investment firms. The time was not adequate for the entire data collection exercise and analysis. However, the researcher utilized the available time to ensure the study objectives were successfully achieved.

The entire excise needed more financing which ranged from the data collection, data analysis, writing materials and printing of the research work which called for total sacrifice to achieve the objectives. Despite the limited financial resources, the entire research process was successful.

This study only relied on primary data in the analysis of the competitive strategies adopted by investment firms and their effectiveness. A combination of primary and secondary data in the analysis is likely to yield different results. Some aspects of analysis are better presented by either primary data or secondary data.

This study only analyzed 78 investment firms operating in Kenya which were accessible out of the sample of 98 from a population of 975 investment firms. This was because of time limitation. An analysis of all the 975 investment firms can yield more dependable outcomes from which generalizable conclusions are made on competitive strategies adopted by investment firms and their effectiveness.

5.6 Suggestions for Further Research

This examination prescribes that a comparative report be directed but now employ primary and secondary data in the analysis. This will enable comparison with the study which has utilized primary data alone.

This examination prescribes that a comparative study be done but now focusing on the commercial banks in Kenya to establish the competitive strategies adopted by the commercial banks and their effectiveness. This will help in the comparison of the competitive strategies adopted by the investment firms and commercial banks together with their effectiveness.

This examination prescribes that a comparative report be done but now focusing on a particular segment of investment firms regionally. For example a study can be done on top 100 investment firms in Kenya.

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APPENDICES

Appendix I: Questionnaire

Title of Study: Effectiveness of competitive strategies adopted by investment firms in Kenya

Kindly answer the questions by writing a brief statement or ticking in the boxes provided as will be applicable. The information provided will be treated with strict confidentiality and at no instance will your name be mentioned in this research. This research is intended for academic purpose only.

<u>SECTION A: BACKGROUND INFORMATION OF THE FIRM</u>

1. What is the name of your firm? ……………………………………………..
2. For how long has the firm been in existence?

   0-5 Years [ ] 6-10 Years [ ]

   11-15 Years [ ] Above 15 Years [ ]

3. What is your highest level of education?

   Certificate [ ] Diploma [ ]

   First degree [ ] Masters [ ]

   PhD [ ] Other, Please specify ………………………..

4. What is your designation in the firm? …………………………………........
5. For how long have you worked in this organization?

   0-5 Years [ ] 6-10 Years [ ]

   11-15 Years [ ] Above 15 Years [ ]

6. How many employees does the firm have?

   0-50 Employees [ ] 5-100 Employees [ ]

   100-150 Employees [ ] Above 150 Employees [ ]

7. What is the ownership structure of the firm?

   Parastatal/ State-Owned Enterprise [ ]

   Private [ ]

   Foreign company [ ]

   Sole proprietorship [ ]

   Partnership [ ]

   Limited Company [ ]

   Others [ ]

SECTION B: COMPETITIVE STRATEGIES ADOPTED BY INVESTMENT FIRMS IN KENYA

8. The table below has statements on various competitive strategies adopted by investment firms in Kenya. Please indicate the extent to which the strategies are applied to your firm on a scale of 1-5 where 1- Not at all, 2-Little extent, 3-Moderate extent, 4-Great extent 5-Very great extent.

Cost Leadership Strategy	**1**	**2**	**3**	**4**	**5**
Research development					
Ability to take risks in new ventures					
Marketing and advertisements					
Product diversification					
Service and product distribution					
Differentiation Strategy					
Financial inclusion strategies					
Efficiency of internal operations					
Training of staff					
Capacity for Innovation					
Information communication technology					
Market Focus Strategy					
Offer low cost product to customers					
Growth in market share					
Enhance customer loyalty					
Increased customer number					
Relationships with workers					

9. Any other form of competitive strategy adopted in your firm?

SECTION C: EFFECTIVENESS OF THE ADOPTED COMPETITIVE STRATEGIES BY INVESTMENT FIRMS

10. In your opinion, to what extent are the following strategies effective at your firm in a scale of 1-5 where, 1- Not at all, 2- To a little extent, 3- To a moderate extent, 4- To a great extent, 5- To a very great extent.

Cost Leadership Strategy	**1**	**2**	**3**	**4**	**5**
Research development					
Ability to take risks in new ventures					
Marketing and advertisements					
Product diversification					
Service and product distribution					
Differentiation Strategy					
Financial inclusion strategies					
Efficiency of internal operations					
Training of staff					
Capacity for Innovation					
Information communication technology					
Market Focus Strategy					
Offer low cost product to customers					
Growth in market share					
Enhance customer loyalty					
Increased customer number					
Relationships with workers					

Thank you for participation

Appendix II: List of Selected Investment Firms in Kenya

1. AAR insurance Kenya
2. Afrigold Investment Company ltd
3. Agoro Investments
4. Almoede Insurance Agency
5. Aurora Investments
6. Bedi Investments
7. Blue Angel Investment
8. Business options Africa
9. Carlton Investment
10. Clozet Investments
11. Compass solutions limited
12. Denkin insurance
13. Exhibition & Events Organisers
14. Fidelitas Investments
15. Finsure Investment
16. Fourth Street consultants
17. Friends Removals Kenya
18. Gallium Active Investing
19. Githere Investments
20. Gothic Investments Ltd
21. Grace Care investments
22. Gracious Investments
23. Grand Farm Investments Ltd
24. Gredwins Investment Ltd
25. Green H investments
26. Greencon Investments
27. Hafan Investments Ltd
28. Halfort Investment Ltd
29. Hampden Investments Ltd
30. Harjit S Sehmi Herber Investment
31. Hope investment
32. Infomark Business Technologies
33. Investment Promotion Centre
34. Johari Investments Ltd
35. Juhudi Investments Ltd
36. Kamanyiki Investments Ltd
37. Kellys Investment Ltd
38. Kipkaren Investment C°
39. Kurwitu Ventures
40. Leojam Investments
41. Macdavidson Consulting Group Ltd
42. Ethos Research and ICT Kenya
43. M.M John International Ltd
44. Watermark Consultants
45. Enke Investment ltd
46. Maloo Investment ltd
47. Amana Capital
49. Majoclipa Investments
50. Metropolitan Investments Co. Ltd
51. Miheer Investments
52. Milgrams Investments Ltd
53. Miyami Investments
54. MNC Consulting group
55. Mosica Properties Ltd
56. Muhito Investments Ltd
57. Mumias Investments Ltd
58. Mundaya Investments
59. Munyuongi Investments
60. Muriuki Wahome Investments
61. Muthatari Investments
62. Muthiti Investments Co. Ltd
63. Mutithe Investment Group
64. Mwirei Investment Ltd
65. Naira Investments Ltd
66. Nairobi Development Co. Ltd
67. Nairobi Housing Development Ltd
68. Namini Investments Ltd
69. Nima Investments
70. Ozaid Group
71. Reefview Investments Ltd
72. Rich World investment
73. Safe capital investment
74. Siesta Investments
75. Trusun
76. Wallukat Investments Ltd
77. Wamabai Investments
78. Wamkoh Investments Ltd
79. Wamkoh Invstments
80. Wamu Investments
81. Wanaromu Investments
82. Waso River Investments Co. Ltd
83. Wave Investments
84. Wilfay Investments
85. Winven Investments Ltd
86. Wonderland Investments Ltd
87. Yield Investments Ltd
88. Yolanda Tavares
89. Young Investments Ltd
90. The lending company
91. Moptions Capital
92. Vivek Investments
93. Pesabazaar
94. Shankan Enterprises
95. Sameer
96. Mobika investments
97. Paddy Micro investments ltd
98. Tekko

48. Dynasty Consulting