# IMPLEMENTATION OF COMPETITIVE STRATEGIES BY G4S SECURITY SERVICES (K) LTD

BY

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTERS IN BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

OCTOBER 2009

# DECLARATION PAGE

This management project is the result of my independent study and has not been submitted for a degree in any other university

10/11/2009

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This management report has been submitted for examination with my approval as the university supervisor

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# DEDICATION

This project is dedicated to my family, friends and colleagues.

# ACKNOWLEDGEMENT

I acknowledge my supervisor and the management staff of G4S Security Services (K) Ltd. for their support during the study.

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## ACRONYMS

| | | |
|---|---|---|
| G4S | - | G4S Security Services (K) Ltd |
| HR | - | Human Resource |
| PSC | - | Private Security Company |
| PSIA | - | Private Security Industry Association |
| ROI | - | Return on Investment |
| SWOT | - | Strengths, Weaknesses, Opportunities and Threats |
| UK | - | United Kingdom |

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## ABSTRACT

Strategy is an essential part of any effective organization. By using an effective competitive strategy, a company finds its industry niche and learns about its customers (Porter, 1980) Porter (1985) asserts there are basic businesses strategies – differentiation, cost leadership, and focus – and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Cross, 1999; Karnani, 1984; Miller and Friesen, 1986, White, 1986, Hill, 1988; Mathur, 1988; Murray, 1988, Miller, 1992; Dess and Miller, 1993; Johnson and Scholes, 1993; Fueret and Chaharbaghi, 1997; Hlavacka et al. 2001). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Kippenberger, 1996; Surowiecki, 1999; Parker and Helms, 1992; Ross, 1999). This paper investigated the implementation of competitive strategies by G4S (K) Ltd.

The paper consequently aims to address the following research question: "What competitive strategies are implemented by G4S Security Services within the Kenyan security industry?" A case study was undertaken focusing on the management of G4s (K) Ltd. The study utilized interviews to collect primary data from twenty two (22) mangers, however, only sixteen (16) of the respondents were interviewed. The data was then analyzed using an inductive approach through content analysis and the findings presented using tables giving descriptive statistics including frequencies, mean and percentages.

The Research findings illustrated that G4S (K) Ltd. adopted focus strategy as the main generic competitive strategy accompanied by mergers and acquisitions as part of its corporate strategy to gain and maintain a competitive advantage in the Kenyan security industry. Findings also illustrated that 100% of the respondents' were positive that the organization was facing challenges in the implementation of competitive strategies. These challenges were identified as including: inadequate management of linkages within the organization's value chain and to linkages into the supply and distribution chains and competition within the organization's industry; Reduced attractiveness and profitability of the industry, the degree of

rivalry between existing competitors, the threat of substitutes and the threat of entry of new competitors (new entrants); insufficient budgetary allocation to finance acquisitions due to fear by management as they were of the view that there is a low return on investment (ROI); change management (staff involvement, attrition, motivation, culture change and reorganization); competition and dynamics in the business environment; leadership issues where there is a conflict between the manager's goals and objectives with those of the organization as well as a high turnover rate in the leadership; poor planning and poor strategy execution; and low investment in a competent, skilled and knowledgeable human resource.

Consequently, the researcher recommended that G4S Security Services (K) Ltd should continue pursuing the focus strategy as a competitive strategy but should include outsourcing, strategic alliances and joint ventures as part of their corporate strategies with an aim of offering leverage to the focus strategy. As regards challenges faced in the implementation of competitive strategies by G4S Security Services (K) Ltd the researcher recommended that the organization develops adequate management of linkages within the organization's value chain and linkages into the supply and distribution chains and competition within the organization's industry. Focus on specific differentiated product lines that can ensure profitability as well as enter into strategic alliances aimed at reducing the degree of rivalry between existing competitors. Management should also allocate more funds to finance acquisitions and marketing strategies aimed at steering the organization as a market leader through focus and differentiation. Strategic change management should be implemented to address leadership issues, poor planning and poor strategy execution and low investment in a competent, skilled and knowledgeable human resource.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

Strategy is an essential part of any effective organization. By using an effective competitive strategy, a company finds its industry niche and learns about its customers (Porter, 1980). Porter (1985) asserts there are basic businesses strategies – differentiation, cost leadership and focus – and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Cross, 1999; Karnani, 1984; Miller and Friesen, 1986; White, 1986; Hill, 1988; Mathur, 1988; Murray, 1988; Miller, 1992; Dess and Miller, 1993; Johnson and Scholes, 1993; Luerer and Chaharbaghi, 1997; Hlavacka et al., 2001). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Kippenberger, 1996; Surowiecki, 1999; Parker and Helms, 1992; Ross, 1999).

Probably the most influential strategist of the decade was Michael Porter. He introduced many new concepts including: five forces analysis, generic strategies, the value chain, strategic groups, and clusters. In five forces analysis he identifies the forces that shape a firm's strategic environment. It is like a Strengths Weaknesses Opportunities and Threats (SWOT) analysis with structure and purpose. It shows how a firm can use these forces to obtain a sustainable competitive advantage. Porter modifies Chandler's dictum about structure following strategy by introducing a second level of structure. Organizational structure follows strategy, which in turn follows industry structure. Porter's generic strategies detail the interaction between cost minimization strategies, product differentiation strategies, and market focus strategies. Although he did not introduce these terms, he showed the importance of choosing one of them rather than trying to position your company between them. He also challenged managers to see their industry in terms of a value chain. A firm will be successful only to the extent that it contributes to the industry's value chain. This forced management to look at its operations from the customer's point of view. Every operation should be examined in terms of what value it adds in the eyes of the final customer (Porter, 1990).

Barney, J. (1991) noted that in 1993, John Kay took the idea of the value chain to a financial level claiming "Adding value is the central purpose of business activity", where adding value is defined as the difference between the market value of outputs and the cost of inputs including capital, all divided by the firm's net output. Borrowing from Gary Hamel and Michael Porter, Kay claims that the role of strategic management is to identify your core competencies, and then assemble a collection of assets that will increase value added and provide a competitive advantage. He claims that there are three types of capabilities that can do this; innovation, reputation, and organizational structure. The basic premise is that a strategy should not be judged by internal company factors but by the way customers see it relative to the competition. Crafting and implementing a strategy involves creating a position in the mind of the collective consumer. Several techniques were applied to positioning theory, some newly invented but most borrowed from other disciplines. Perceptual mapping for example, creates visual displays of the relationships between positions. Multidimensional scaling, discriminant analysis, factor analysis, and conjoint analysis are mathematical techniques used to determine the most relevant characteristics (called dimensions or factors) upon which positions should be based. Preference regression can be used to determine vectors of ideal positions and cluster analysis can identify clusters of positions. Others felt that internal company resources were the key.

In 1992, Jay Barney, for example, saw strategy as assembling the optimum mix of resources, including human, technology, and suppliers, and then configure them in unique and sustainable ways. Michael Hammer and James Champy felt that these resources needed to be restructured (Hammer, 1993). This process, that they labeled reengineering, involved organizing a firm's assets around whole processes rather than tasks. In this way a team of people saw a project through, from inception to completion. This avoided functional silos where isolated departments seldom talked to each other. It also eliminated waste due to functional overlap and interdepartmental communications.

In 1989 Richard Lester and the researchers at the MIT Industrial Performance Centre identified seven best practices and concluded that firms must accelerate the shift away from the mass production of low cost standardized products. The seven areas of best practice were (Lester. 1989): Simultaneous continuous improvement in cost, quality, service, and product innovation: Breaking down organizational barriers between departments: Eliminating layers of management creating flatter organizational hierarchies, Closer relationships with customers and suppliers; Intelligent use of new technology; Global focus; and Improving human resource skills. Nevertheless. Mintzberg (1973) defined strategy to be a play, plan, pattern, position and perspective.

Pearce and Robinson (1997), concludes the foregoing definition of strategy to be a reflection of company's awareness of how to compete, against whom, when, where, and for what. The essence of strategy is highlighted by Munseriff, (1999) as follows 'That strategy appears to be a learning action, behavioural, holistic and continuous process.' Pearce and Robinson (1997) and Porter (1998) all argued that strategy is about gaining a competitive advantage. Ansoff and McDonnel (1990) concluded that strategy should be taken seriously as a managerial tool not only for the firm but also for a broad spectrum of social organizations. David (2001) pointed out that in the face of turbulence and complex environmental conditions brought about by such factors as liberalization, effective strategies and appropriate strategic management process is vital for every organization. The principal benefit of strategic management is to help organizations formulate better strategies through the use of more systematic, logic and rational approach to strategic choice.

One of the environmental influences to a business arises from competition within the organization's industry. Porter (1980) defines an industry as a group of firms that market products which are close substitutes for each other (e.g. the car industry, the travel industry). Increased competition threatens the attractiveness of an industry and reducing the profitability of the players. It exerts pressure on firms to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment. Firms therefore focus on gaining competitive advantage to enable them respond to, and compete effectively in the market. By identifying their core competences, firms are able to concentrate on areas that give them a lead over competitors, and provide a competitive advantage, according to Johnson and Scholes (1997), core competences are more robust and difficult to imitate because they relate to the management of linkages within the organizations value chain and to linkages into the supply and distribution chains. This means that the strategic orientation based on the organization's core competencies and industry structure affects the way the firm does things especially when implementing competitive strategies. The most influential analytical model for assessing the nature of competition in an industry is Michael Porter's Five Forces Model, which describes the five forces that determine industry attractiveness and long-run industry profitability as follows: The threat of entry of new competitors (new entrants); The threat of substitutes; The bargaining power of buyers; The bargaining power of suppliers; and, the degree of rivalry between existing competitors. This paper therefore, intends to investigate the implementation of competitive strategies by G4S Kenya Ltd

### 1.1.1 Competitive strategies

Porter purports companies must be competitive to become an industry leader (Murdoch, 1999; Suutari, 1999), to be successful both nationally and abroad (Niemira, 2000, Davidson, 2001, Anon, 1998), and these strategies for gaining competitive advantage apply to all industries in most nations (Brooks, 1993; Median and Chin, 1995; Kropf and Szafran, 1988; McNamee and McHugh, 1989; Green et al., 1993; Kim and Lim, 1988; Liff et al., 1993, Campbell-Hunt, 2000). While various types of organizational strategies have been identified over the years (Miles and Snow, 1978; Chrisman et al., 1988; Porter, 1980) Porter's generic strategies remain the most commonly supported and identified in key strategic management textbooks (David, 2000; Miller, 1998; Thompson and Stickland, 1998) and in the literature (Kim and Lim, 1988; Miller and Dess, 1993). Porter's (1980) generic strategies can yield competitive advantage. Porter (1980) also suggests ensuring long-term profitability, the firm must make a choice between one of the generic strategies rather than end up being "stuck in the middle". Different positioning strategies fit best with different core competencies and market sizes. Firms that are successful with the differentiation strategy are better at producing a steady stream of innovative products and services than their competitors. They often have internal capacity or access to latest research and development capabilities in the industry. Likewise, firms that are superior cost minimizers produce bundles of products and services that are less expensive than equivalent offerings of competitors. They do not engage in original research but may have the capability of quickly copying innovators or buying successful innovations from others. They are ruthless cost cutters but are willing to make substantial investments if these investments drive down costs. Firms that focus on coordination facilitate or build unique value-adding chains that link together their suppliers and customers. The type of coordination can range from simply acting as a coordinator, facilitator, or deal maker to full ownership of interconnected stages in the chain. This coordination role provides market power and economies in procurement and marketing. While each competence is important and firms would like to have all three, typically a firm can only emphasize one. The reason is that emphasis on a particular competence comes at the expense of the other competencies. For example, emphasis on innovation is best supported by heavier spending on research and development, and non-standard processes for handling each new offering, while cost minimization is best supported by producing standard products using standard processes (Porter, 1980).

### 1.1.2 G4S Security Services (K) Limited

G4S is the world's leading security solutions group specializing in outsourcing of business sectors where security and safety are considered a threat. G4S has operations in over 100 countries, employing over 585,000 people. G4S is a major provider of risk management and protection to governments and businesses around the world with its headquarters in the UK. G4S Kenya has over 40 years experience in Kenya and is the market leader in the provision of security solutions in the East African region. The company and customer base has grown and prospered immensely over the years because of its dedicated service in providing security solutions that gives the customer peace of mind at an affordable price. G4S Kenya has built a reputation as the experts and trusted partner in providing security solutions especially in Security Services, courier and cash services. G4S offers a broad spectrum of security solutions to corporate, governmental and private clients. G4S Kenya operates in 120 locations in Kenya, has over 15,000 employees and over 40 years successful operations in Kenya.

The organization's vision is: "To be recognized as the global leader in providing security solutions." Its mission is: "To increase our customer base and become the preferred supplier of security and logistics solutions expertise in Kenya through the delivery of world-class outsourcing activities in Cash Management, Integrated Security and Distribution market places." G4S Kenya has the following values: Customer Focus - we have a close, open relationship with our customer that generates trust and we work in partnership for the mutual benefit for our customers and our organization; Expertise - we develop and demonstrate our expertise through our innovative ideas and leading edge approach to creating and delivering the right solution; Performance - we continually challenge ourselves and strive to improve our performance year on year to create progression of long-term sustainability; Best People - we always take time to carefully select the best people to employ, develop their competence, provide opportunity and inspire them to live by our values; Integrity - our trust has been earned through years of service in the industry because we can always be trusted to do the right thing; Collaboration & Teamwork - is the glue that sticks us together giving us an opportunity to work together and provide the best products and services that are beneficial to our customer and us.

**1.2 Statement of the problem**

Several researchers found support for Porter's (1980, 1985) original generic strategies (Dess and Davis, 1984; Hambrick, 1981, 1982; Hawes and Crittendon, 1984, Nayyar, 1993; Parker and Helms, 1992; Reitsperger et al., 1993). Dess and Davis (1984) examined industrial products businesses and suggested performance was achieved through the adoption of a single strategy. Hambrick (1983) investigated capital goods producers and industrial product manufacturers and found support for generic strategies. Ross (1999) supported two distinct focus strategies including low-cost and differentiation one aimed at distinct needs in terms of cost in a narrow target market and the other at distinct customization requirements in a narrow target market. Parker and Helms (1992) found superior performance associated with mixed and reactive strategies as well as with single generic strategies. Consequently, Porter's (1985) generic strategies of low cost, differentiation, focus and combination strategies are generally accepted as a strategic typology for organizations

In Kenya, various studies have been undertaken in relation to competitive strategies. For instance, Mbai (2006) researched on competitive strategies adopted by large Savings and Credit Societies (SACCO's) in Kenya; Murage (2001) undertook a study on competitive strategies adopted by members of the Kenya Independent Petroleum Dealers Association; Waruen (2001) researched on competitive strategies adopted by commercial banks; Karanja (2002) conducted a study on competitive strategies of real estate firms: The perspective of Porter's Generic Model. However, little empirical research has identified the strategic practices associated with each generic strategy. Furthermore, research has not identified specific challenges associated with critical strategic practices and core competences for each generic strategy within the security industry in Kenya despite the tremendous growth experienced by security firms, especially G4S, in the last couple of years. In addition, competition within the Kenyan security sector intensified as several other security firms claim their market share making it more important than ever for any organization to adopt competitive strategies in order to gain and maintain a competitive advantage. In the case of G4S, the organization has not only been able to rapidly spread into all the provinces in Kenya, but has also been successful in introducing several organizational products that were traditionally not offered by security firms in Kenya. This exploratory study, therefore, addressed this research gap in the literature by investigating the implementation of competitive strategies by G4S Kenya. Consequently, the study aimed at answering the following research question: "What competitive strategies are implemented by G4S Security Services within the Kenyan security industry?"

## 1.3 Objectives of the study

i. Establish competitive strategies adopted by G4S Security Services (K) Ltd
ii. Establish the strategy implementation practices by G4S Security Services (K) Ltd.
iii. Identify the challenges faced by G4S Security Services (K) Ltd in the implementation of competitive strategies within the Kenyan security industry.

## 1.4 Importance of the study

The study will help the management of G4S Kenya in appreciating competitive strategies and the challenges faced in their implementation. It will also show the impact of competitive strategies on organizational performance and their contribution in assisting an organization gain a competitive advantage within the Kenyan security industry. Identification and explanations on the challenges faced in the implementation of competitive strategies by security firms will guide those involved in strategy implementation when implementing such strategies within the security industry in Kenya.

The study will also offer an opportunity for review of competitive strategies within the security industry in Kenya. It will also offer a window for possible strategic change and or organizational change management with an aim of gaining a competitive advantage by various security firms in Kenya. Moreover, the study will broaden the knowledge on competitive strategies and provide a basis for further research on the challenges faced in the implementation of such strategies

# CHAPTER TWO: LITERATURE REVIEW

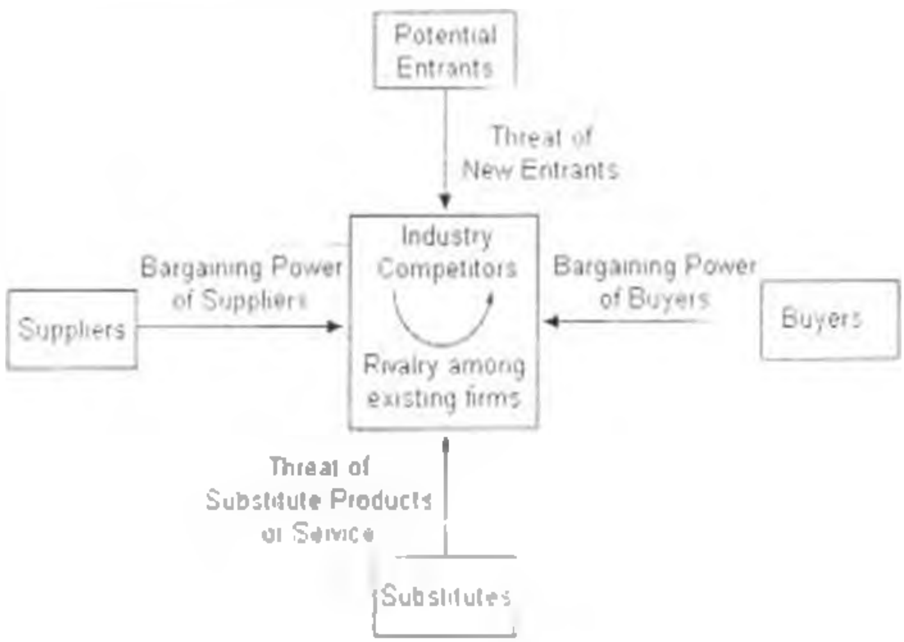
## 2.1 Competition and industry structure

According to D'Aveni (1995) globalization has caused competition to be a constant concern of organizations, by increasing the need for continuous evaluation of the competitive environment and the information coming out of it. Increased competition threatens the attractiveness of an industry and reducing the profitability of the players. It exerts pressure on firms to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment. D'Aveni further outlines that such intense competition can grow to a level of hyper-competition. In hyper-competitive environments, successful companies depend on different combinations of strategies and actions to attain a temporary advantage and to destroy the advantages of competitors by keeping the market constantly unbalanced. When companies realize that these advantages are not sustainable, they search constantly for new advantages, thus contributing further to hyper-competition. Consequently, hyper-competition requires much more than close monitoring of competitors' behavior and predicting their future actions.

If a particular competitor in a sector of industry begins to move aggressively and rapidly, the others will have to follow. "Hyper competition causes an environment characterized by intense and fast competitive movements, in which competitors have to put themselves into motion quickly to construct advantages and to erode the advantages of their rivals" (D'Aveni, 1995, p. 195). Competition in most global product markets is intense. Product type competition has become intense, so has brand competition. Substitute competition has also become an increasingly bitter battleground, with products being able to replace others as technology and tastes change. For a system, to be competitive, it must have two requisites. First it must be competitive with other systems in attracting resources. Second it must be absolutely competitive against similar systems or industries in other countries. The system may have to compete against those industries in international markets or be threatened by them in its domestic markets.

Firms respond to competition in different ways. Some may opt to product improvement, divestiture, and diversification, entry into new markets or even merging or buying out competitors. Porter (1980) postulates that the essence of strategy formulation is coping with competition within the organization's industry. Porter further outlines that some industries are more profitable than others by explaining that there are five forces that determine industry attractiveness and long-run industry profitability. These five "competitive forces" are: The threat of entry of new competitors (new entrants); The threat of substitutes; The bargaining power of buyers; The bargaining power of suppliers; and the degree of rivalry between existing competitors

**Figure 2.1: Michael Porter's Five Forces Model**




Source: *Porter, M.E. (1980), "How competitive forces shape strategy", Harvard Business Review, Vol 57 No.2, pp.137-45.*

New entrants to an industry can raise the level of competition, thereby reducing its attractiveness. The threat of new entrants largely depends on the barriers to entry. High entry barriers exist in some industries (e.g. shipbuilding) whereas other industries are very easy to enter (e.g. estate agency, restaurants). Key barriers to entry include: Economics of scale;

Capital / investment requirements; Customer switching costs; Access to industry distribution channels; and the likelihood of retaliation from existing industry players (Porter, 1980).

The presence of substitute products can lower industry attractiveness and profitability because they limit price levels. The threat of substitute products depends on: Buyers' willingness to substitute; the relative price and performance of substitutes and the costs of switching to substitutes (Porter, 1980).

Suppliers are the businesses that supply materials & other products into the industry. The cost of items bought from suppliers (e.g. raw materials, components) can have a significant impact on a company's profitability. If suppliers have high bargaining power over a company, then in theory the company's industry is less attractive. The bargaining power of suppliers will be high when: There are many buyers and few dominant suppliers, there are undifferentiated, highly valued products, suppliers threaten to integrate forward into the industry (e.g. brand manufacturers threatening to set up their own retail outlets); buyers do not threaten to integrate backwards into supply; and the industry is not a key customer group to the suppliers (Porter, 1980).



Buyers are the people / organizations who create demand in an industry. The bargaining power of buyers is greater when: There are few dominant buyers and many sellers in the industry; Products are standardized; Buyers threaten to integrate backward into the industry; Suppliers do not threaten to integrate forward into the buyer's industry; and the industry is not a key supplying group for buyers (Porter, 1980).

The intensity of rivalry between competitors in an industry will depend on: The structure of competition - for example, rivalry is more intense where there are many small or equally sized competitors; rivalry is less when an industry has a clear market leader; The structure of industry costs - for example, industries with high fixed costs encourage competitors to fill unused capacity by price cutting; Degree of differentiation - industries where products are commodities (e.g. steel, coal) have greater rivalry; industries where competitors can differentiate their products have less rivalry; Switching costs - rivalry is reduced where buyers have high switching costs - i.e. there is a significant cost associated with the decision to buy a product from an alternative supplier; Strategic objectives - when competitors are pursuing aggressive growth strategies, rivalry is more intense. Where competitors are "milking" profits in a mature industry, the degree of rivalry is less; and exit barriers - when barriers to leaving an industry are high (e.g. the cost of closing down factories) - then competitors tend to exhibit greater rivalry (Porter, 1980)

**2.2 Competitive strategies**

The forces of globalisation, which primarily comprise privatisation, trade liberalisation and deregulation, have profoundly influenced the structure of industry in many countries (Amann and Nixson 1999; Bromwich and Bhimani 1994). Collectively, these forces have brought about a business environment that is more competitive (Porter 1985), and they have had an impact on the economic performance of companies and business units (Amann and Nixson 1999). If enterprises are to achieve and maintain a competitive advantage, they should scan the environment to ensure that it provides a moving target and that they are fully aware of the challenges in the market place (Dixon and Smith 1993). Khandwalla (1972:284) reports the existence of a negative relationship between market competition and the performance of business units. In contrast, Porter (1979:138) state's that "A company with a strong position in an industry unthreatened by potential entrants will earn low returns if it faces a superior or low-cost substitute product". Mia and Clarke (1999:339) conclude that there could be a positive relationship with the help of information provided by management accounting systems, but accept that "if an organization faces increasing competition in its market yet fails to adopt and implement appropriate strategies to deal with such a competition, its performance is likely to deteriorate".

The competitive strategy of the firm attracted a remarkable intellectual attention and has still remained an important area of research. The international dimension of strategy can be broadly classified into three main categories, which include political, investment and integration aspects. Political aspects, according to Ricks et al. (1990), p. 231) involve the actions or strategies that attempt to sustain a competitive advantage from non-economic actors. Investment aspect of international competitive strategies includes the actions or strategies that firms may capture or sustain competitive advantage by low cost resources (Buckley and Casson, 1976. Porter, 1986a. 1986b. Luo and Tung. 2007); minimizing financial liabilities through certain actions such as transfer pricing (Prahalad and Doz. 1987); global diversification (Kim et al., 1989); taking advantage of international financial resources, and acquiring assets (e.g. brands, technology) to enhance firm's competitive position (Luo and Tung, 2007; Bonaglia et al., 2007).

Porter (1980, 1985) argues that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy (Porter, 1980). Today Porter argues that the strategy is about selecting the set of activities in which an organization will excel to create a sustainable difference in the market place Porter purports companies must be competitive to become an industry leader (Murdoch, 1999; Suutari. 1999), to be successful both nationally and abroad (Niemira, 2000; Davidson, 2001; Anon. 1998), and these strategies for gaining competitive advantage apply to all industries in most nations (Brooks, 1993; Median and Chin, 1995; Kropf and Szafran, 1988; McNamee and McHugh, 1989; Green et al., 1993; Kim and Lim, 1988; Liff et al., 1993; Campbell-Hunt. 2000) Porter (1990) outlines three approaches to competitive strategy: Low cost leadership strategy firm strives to be the overall low cost producer; Differentiation strategy - firm seeks to differentiate its product offering from that of its rivals; Focus strategy - firm focuses on a narrow portion of the market.

An organization may also choose a combination strategy by mixing of the aforementioned generic strategies. For example, a firm may choose to have a focused differentiation strategy This means the organization has a unique product offered to a targeted market segment An organization may also choose to have a focused cost-leadership strategy. In this instance, an organization would use a cost leadership strategy targeted to a specific market segment.

There is much debate as to whether or not a company can have a differentiation and low-cost leadership strategy at the same time (Helms et al., 1997). Porter felt differentiation and cost leadership were mutually exclusive (Helms et al., 1997; Campbell-Hunt, 2000). However, research shows this is not the case (Buzzell and Gale, 1987; Buzzell and Wiersema, 1981; Gupta, 1995; Hall, 1983; Jones and Butler, 1988; Miller and Friesen, 1986; Miller, 1998; Phillips et al., 1983; Slocum et al., 1994; White, 1986; Wright, 1987; Karnani, 1984; Mathur, 1988; Miller, 1992; Dess and Miller, 1993; Johnson and Scholes, 1993; Fuerer and Chaharbaghi, 1997, Hlavacka et al., 2001).

Kumar et al. (1997) in their study of generic strategies used in the hospital industry found when hospitals follow a focused cost leadership hybrid strategy they exhibit higher performance than those following either cost leadership or differentiation alone. Similarly in their research on the UK wine industry, Richardson and Dennis (2003) found the hybrid focused differentiation approach was best for niche segments. Spanos et al. (2004) studied the Greek manufacturing industry and found hybrid strategies were preferable to pure strategies.

According to Porter (Argyres and McGaha, 2002), lower cost and differentiation are directly connected with profitability. As research addressed the relationship between strategy and performance, some studies concluded only "pure" strategies (i.e. generic strategies of cost leadership or differentiation) resulted in superior performance, while other research found combination strategies (i.e. low-cost and differentiation) were optimal. This debate continues in the literature.

Literature also cites other corporate strategies that relate to competition, for instance, Value-adding partnerships which were first discussed by Johnston and Lawrence (1988), and received an update by Hines (2000) who suggested the creation of value networks by outsourcing competitive advantages. Therefore all partners can achieve advantages by leverage knowledge and skill within the complete supply chain (Hines, 2000). Such arrangements focus on vertical collaborations by diminishing non-value-adding and increasing value-adding activities between supply-chain partners. The successful integration

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Co-opetition is "a revolutionary mindset that combines competition and cooperation" (Brandenburger and Nalebuff, 1996) and is based on the belief that "You can't do it alone" (Moore, 1997) and on the principles of game theory. Contrary to value-adding partnerships, co-opetition includes horizontal collaborative relations as well as competitive relations in vertical and horizontal directions and at the same time. Brandenburger and Nalebuff (1996) suggest therefore the concept of value net, which places a single company between customers and suppliers ( vertical dimension) who can be either complementors or competitors ( horizontal dimension). The goal is to identify the symmetries between the vertical and horizontal dimension. Thereby the players can obtain different roles, thus allowing us to put this logic into a supply-chain context by adding one other dimension to Brandenburger and Nalebuff's (1996) value net. The supply-chain perspective overcomes the static categorization of market players into competitors and partners, and promotes the idea of differing between competitors and complementors on a situational, functional and indifferent role allocation in a vertical as well as in a horizontal direction.

According to Tsai (2002) this allows a multi-directional learning and benefiting from one another, while at the same time competing with one another for internal resources and external market shares. Such a result has been testified by Bengtsson and Kock (2000) within the Swedish brewery industry. In this case, the market players cooperated on the "invisible" logistics side (• e.g. common packaging standards or return channels) and competed at the "visible" marketing arena (– e.g. heavy promotion spending).

Overall, the paradox or "schizophrenic" notion of collaborating with competitors has been regarded since Hamel et al.'s (1989) article as a vivid form of competition and a "win-proposal". The traditional win-lose or friend-foe paradigms have been becoming obsolete in collaborations, which to some extent seems to be the result of the rising complexity and dynamics, especially in fast moving consumer goods markets

The Game Theory of the firm is also another strategy adopted by organizations. In a world of uncertainty, enterprises rely on the success of some competitive actions to secure lasting benefits. The importance of competitive behaviour, such as the concepts of first-mover advantage and competitive initiatives, has been widely acknowledged (Chen 1996). Research indicates that actions and responses affect performance (Heap and Varoufaks 1995) in that the greater the number of competitive moves that a enterprise initiates, the better its performance (Graham 1998) Game Theory proposes that the performance of one enterprise is affected by the number and actions of other enterprises and therefore it supports the hypothesis that competition affects business performance. Conversely, when an enterprise fails to respond appropriately to the intensity of competition, its performance is likely to deteriorate (Chenhall and Moris 1986; Bromwich 1990; Mia and Clarke 1999). The relationship between competition and performance can be stated as follows:

Performance = f (competition)

Another strategy is the Resource-based theory of the firm. A sustained competitive advantage in the market place is rooted in an enterprise's internal resources and capabilities (Barney and Ouchi 1986). In this respect an enterprise could initiate a competitive challenge that would fully utilize its resource-based advantage An enterprise will therefore select a strategy that is based on its resource capabilities in order to earn economic returns. Organizations that have the strategic capability to focus and co-ordinate human effort in relation to the resource position of the enterprise have a strong basis for the attainment of a competitive advantage (Demsetz 1988). According to the resource-based theory, the competitive advantage of a firm draws on its internal resources and competences (Mahoney and Pandian, 1992; Penrose, 1995; Peteraf, 1993; Wernerfelt, 1984) In this paradigm, a company can be considered as a bundle of resources that makes it unique if the resources are valuable, rare, hard to imitate, and difficult to substitute (Barney, 1991). For firms operating in a highly competitive environment a distinctive strategic orientation is needed, requiring the exploitation of critical resources in order to gain competitive advantage Consistent with the resource-based view, Mintzberg (1973) considers strategy as a pattern stream of decisions which allocate resources to reach consistency between a firm's strategy and its environment. However, in case of inconsistency, strategic choice theory (Child, 1972) suggests two distinct categories of strategic action to resolve this misfit. 'Organizational strategies' refer to situations where companies seek to actively fit their strategies to the existing environment; the environment is perceived as being given, while the strategy can be adapted. Alternatively, 'environmental strategies' aim at manipulating the environment in such a way that fit between strategy and the environment is established, i.e. strategy is largely fixed while the environment is mutable. Such a change can either be achieved if firms relocate themselves into a more favorable environment or if the environment is actively manipulated in favor of the firm's strategy

As designed by Grant (1991), and much in the same way as Hill (1989) has put it, the resource-based model starts with an extensive analysis of those operating capabilities and competencies existing within the firm. Second, the management team selects a few core capabilities according to their "superior returns" potential (or what is called their "rent generating" capacity). These are further analyzed through extensive "market tests" to ensure they can provide effective and sustainable competitive advantages. Finally, business diversification and capability development strategies are formulated to ensure operations are rebuilt according to the strengths-opportunities relationship identified through strategic analysis (Collis and Montgomery, 1995). This is a two-way integration, where operating capabilities dictate where strategy should go, with feedback from marketing imperatives as to what operations could do to sustain competitiveness.

However, this "rational" strategy formulation process may encounter key problems, which are common to both resource-based and operations strategic planning (Platts and Gregory, 1994; Schulze, 1992). For example, the identification of core competencies and capabilities may not be as easy as expected in theory, since the management team may not reach consensus as to what is really strategic (Lewis and Gregory, 1996; Marino, 1996; Schroeder and Pesch, 1994). A highly proficient management team is necessary to overcome this "strategic ambiguity", and to take advantage of blurred market rules to impose new rules based on the firm's operational forces (Barney and Tyler, 1991; McGrath et al., 1996)

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Consequently, the process of operations strategy may become much more emergent, where the continuous "crafting" of innovative strategies would make the firm both strategically and operationally stronger in the face of uncertainty (Mintzberg, 1993) The strength of this emergent process should come from a strong managerial commitment to operating priorities (Ghemawat, 1991).

The use of a resource-based view to reinvent operations strategy may lead to far-reaching consequences for management practice. For example, it may imply that operations managers could become the best people to effectively "grasp" what a resource-based strategy should be. Being the closest to action throughout any business enterprise, the future operations manager knows best how far to set stretch-goals and "strategic intents" (Hamel, 1989) Therefore, an emergent strategic planning process may allow operations to effectively enhance its role within strategy, leading more firms into the fourth stage proposed by Hayes and Wheelwright (1985). One hopes that such a drive may lead far beyond, into a form of "competing for the future" (Hamel and Prahalad, 1994; Hayes and Pisano, 1994). But beyond this stage, the enriched version of operations strategy will necessarily allow several formulation processes to be used, whether they be structured or emergent (Leong and Ward, 1995).

Other response strategies to competition include mergers and acquisitions. Top management must be clear at the outset whether the acquisition is meant to serve the business strategy or the corporate strategy of the firm. If it is to serve the former, integration must be quickly achieved by laying out operating strategies and specific goals and setting up integration teams to make it work. Management must then focus on seeking benefits from integration in the form of additional revenues (from new sources of market advantage) or lower costs (from economies of scale and scope). When an acquisition, on the other hand, supports corporate strategy, then management should focus on seeking benefits to the corporation through new skills and competencies that are being gained from the new acquisition. Learning, not integration, is the priority. Systems should already be in place to ensure synergistic benefits that would come from applying the new skills. But when corporate and business strategy benefits are confused in an acquisition, fragmentation often results and few actual benefits are realized (Gopinath, 2003).

### 2.3 Implementation of competitive strategies

Competitive strategies are mainly implemented by organizations in order to gain and maintain a competitive advantage. In the implementation process, it is worth to note that organizations align their competitive strategy with the organization's core competence. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will, perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for. According to Thompson & Strickland, (1993) a competitive advantage has a three stage life cycle: Build up period; strategic moves are successful in producing competitive advantage; Benefit period; fruits of competitive advantage are enjoyed and the firm earns profits and recoups on investments made to create the advantages; and, Erosion period where the competitive advantage held by the firm is eroded due to imitation, duplication, new technology and attacks by rivals.

According to Porter (1996, 2004a, b), the fundamental basis of an organisation's performance is called "sustainable competitive advantage". Organisations with sustainable competitive advantage have capabilities and competences that enable them to produce services and products the market is willing to buy. Porter distinguishes three generic strategies for sustainable competitive advantage: lowest costs, differentiation, and focus. The application of the strengths, weaknesses, opportunities and threats (SWOT) framework has been dominated over the last 20 years by Porter's five forces model. According to Porter (1979), the nature and degree of competition in an industry hinge on five forces: the threat of new entrants, the bargaining power of suppliers, the threat of substitute products or services and the jockeying among current contestants. Knowledge of these underlying sources of competitive pressure provides the groundwork for a strategic agenda of action This model focuses on the external side of strategy, helping firms analyze the forces in an industry that give rise to opportunities and threats. According to Barney (1995), firms that use their internal strengths in exploiting environmental opportunities and neutralizing environmental threats, while avoiding internal weaknesses, are more likely to gain competitive advantage than other types of firms.

One key requirement for corporate success in this competitive environment is recognizing how to sustain competitive advantage To develop and exploit a competitive advantage, firms must possess capabilities that can be used to create valuable, rare and imperfect imitable resources (Barney, 1991) The resource-based theory of the firm roots in the work of Penrose (1959), among others, and has been developed in work by Wernerfelt (1984). Resource-based theory of the firm suggests that firm resources and capabilities influence the growth and performance of the firm (Penrose, 1959, Barney, 1991; Mahoney and Pandian, 1992). The resource-based theory focuses on costly to copy firm resources that could be a source of sustainable competitive advantage (Barney, 1991; Dierickx and Cool, 1989, Peteraf, 1993). Researchers and practitioners of this idea attributes sustainable competitive advantage to the possession of valuable, non-susbtitutable and inimitable resources.

Firm's resources consist of all assets both tangible and intangible, human and non-human that are possessed or controlled by the firm and that permit it to devise and apply value-enhancing strategies (Barney, 1991, Wernerfelt, 1984). Wernerfelt (1984) indicated that "resources are tangible and intangible assets that are tied semi-permanently to the firm." Examples of resources are brand names, in-house knowledge of technology, capital, etc. Resources and capabilities that are valuable, uncommon, poorly imitable and nonsubstitutable (Barney, 1991) comprise the firm's unique or core competencies (Prahalad and Hamel, 1990) and therefore present a lasting competitive advantage. Intangible resources are more likely than tangible resources to generate competitive advantage (Hitt et al., 2001) Specifically, intangible firm-specific resources such as knowledge permit firms to add up value to incoming factors of production (Hitt et al., 2001). It represents competitive advantage for a firm (Prahalad and Hamel, 1990; Collis and Montgomery, 1995; Post, 1997; Markides, 1997; Bogner et al., 1999). Such an advantage is developed over time and cannot easily be imitated. Core competencies are the collective learning in the organization (Prahalad and Hamel, 1990). Barney (1991) regards resources as those controlled by a firm that allow the firm to formulate and implement strategies that expand its efficiency and effectiveness. He developed four criteria for assessing what types of resources would present sustainable competitive advantage. These were value creation for the customers, rarity compared to the competition, inimitability, and substitutability. It is important for us to mention, explicitly, that knowledge is one competitive advantage that is difficult and time consuming to imitate. It must be encouraged and developed as part of organization learning and organization memory as it is used. Knowledge is a core competence that does not weaken nor is it consumed with use. As resources cannot at all times be transferred or imitated, organizations must look internally to locate the real sources (Wernerfelt, 1984; Barney, 1986, 1991; Prahalad and Hamel, 1990; Mahoney and Pandian, 1992; Collis and Montgomery, 1995; Post, 1997, Markides, 1997). The resources that the firm can build up have a major influence on their strategies (Barney, 1996) since they might guide the firm's decision making (Grant, 1991).

It should be noted that Porter (1980) indicates that firms cannot focus solely on a cost leadership or differentiation strategy to the exclusion of other strategies. He contends that cost leaders must devote some resources to differentiation activity, and those that pursue a differentiation strategy cannot do so to the detriment of their cost structure. Prior research has identified hybrid strategies, which are those with simultaneous emphasis on both cost and differentiation competitive methods (Wagner and Digman, 1997). A stuck-in-the-middle position is difficult to identify and prior research may have incorrectly classified hybrid generic strategies and stuck-in-the-middle positions as equivalent. Also, these classifications may have been inconsistently interpreted and applied from study to study (Wagner and Digman, 1997). Some contend that firms can follow both cost leadership and differentiation strategies simultaneously (Murray, 1988; Hill, 1988; Cronshaw, 1994); however the issue remains unresolved. Indeed, Miller (1992) argues that the pursuit of a pure generic strategy (i.e. a generic strategy that does not mix emphasis on both cost and differentiation competitive methods), as compared to a hybrid strategy where firms place similar emphasis on both differentiation and cost leadership competitive methods simultaneously, is beneficial in markets where consumers exhibit strong preferences for either quality or price. He states that "Pure cost leadership is most effective when customers are sensitive to price and when there is a fighting chance to maintain a cost advantage because of economies of scale, proprietary technology, or unique access to cheap materials or channels of distribution" (Miller, 1992, p. 40). Because banking customers are sensitive to both loan and deposit rates, banks following a cost leadership strategy may realize a performance advantage over competitors that pursue another generic strategy type or those that are stuck-in-the-middle.

Day and Wensley (1988) argue that competitive methods consist of skills and resources that are available for use by firms in a competitive industry. They define superior skills in terms of staff capability, systems, or marketing skills not possessed by a competitor. A superior resource is defined in terms of physical resources that are available to help strategic implementation. Examples include operating scale, location, comprehensiveness of a distribution system, brand equity, or manufacturing or processing assets. They conclude that establishing a generic strategy based on positional advantage in the marketplace will provide a firm with superior performance. Bharadwaj (1993) suggest that a competitive advantage can be developed from particular resources and capabilities that the firm possesses that are not available to competitors. The transformation of available skills and resources into a strategic position can only take place under conditions that provide a customer benefit, and normally requires the transformation of multiple competitive methods. The ability to implant a cost leadership, differentiation, or focus strategy is dependent on a firm's ability to develop a specific set of competitive methods. This becomes the basis for the achievement of above average industry performance.

## 2.4 Overview of G4S Security Services (K) Ltd Market

The guarding market in general is expanding but the market for professional guarding in Kenya is in decline The industry is not regulated by the government and barriers to entry are low with very low capital outlay required. Security firms in the informal sector do not comply with the labour legislation governing workers in the industry and they are able to significantly undercut the prices of the formal sector. The market is very competitive with several small local companies operating in the sector providing fair quality service. Growth potential for G4S is to take contracts from our competitors. The parastatal sector which was previously served by politically well connected company's also offers opportunity for growth

The security market is covered by about 400 registered private security companies and only 50 of them have joined the Kenya Security Industry Association and the Kenya Protective Security Industry Associations. The total market is estimated to be Kshs 4.9billion p.a with PBITA estimate of 5% and professional market growth rate of -2% year on year. Provision of trained dogs and dog handlers is a niche market which few players have been able to fully satisfy due to shortage of suitable dogs.

Market developments include increase on price sensitivity, choice of supplies on basis of price alone and willingness by large customers to engage services of low priced small players. Guard market segmentation is as follows. Guards and guardettes; German shepherd guard dogs; VIP close protection personnel; Escorts for sealed vehicles that may be transporting valuable cargo; Patrol clocks, and premier male female security officers The alarm monitoring and response is a highly competitive sector with many serious competitors providing good service. Key competitors operate throughout East Africa in this market. Customers show loyalty to their current provider and are often reluctant to change even when a better or slightly cheaper service is offered. The total market is growing slowly hence, G4S operates in all major cities and towns. The total market is estimated to be Kshs. 1.3 billion p.a. The market share of G4S is estimated to be 27%. This market is dominated by about 15 companies and the total market size is estimated to be Kshs. 1.3 billion p.a with a PBITA of around 10% and a market growth rate of 5% year on year. The competing companies all service the top well economically empowered members of society with a highly priced service.

G4S's proposed development is through appropriately priced alarm monitoring and response service targeted at the middle-income earners, would greatly enhance our market growth. New developments in the market are: increasing sensitivity to high prices, high levels of customer loyalty, trends towards non payment of debts on time and a change in attitude towards acceptance of modern technology equipment. Large industry players are taking on acquisitions in order to achieve critical mass. The market is currently segmented into Commercial; Domestic, and Industrial segments.

**2.4.1 Cash Services**

The total market is estimated to be Kshs 465 million p.a. Currently the market for traditional CIT is flat due to the depressed economy and cost cutting by the banks both of which have led to reduced cash movements. Banks are facing lower profits following the reduction in Treasury bill rates and the corresponding lowering of base rates. Banks are targeting achieving the lowest possible cost base in order to achieve a competitive advantage over their rivals and maintain their profit levels. This impacts on the ability of G4S to charge premium rates with the corresponding increases. However, major opportunities exist with the outsourcing potential for cash centres. Strategically success in this area will enable G4S to benefit from all major CIT work for the banks. The company plans to demonstrate our expertise for outsourcing through Barclays Cherry project for other banks to emulate.

Retaining dominance in CIT, there will be a challenge as Wellsfargo's, a main competitor; has strategy to enter into the retail market. They have previously only operated in the banking sector. Both Wellsfargo and Security Group are seriously undercutting prices to increase their market share. However, any attempts to acquire a competitor company may not be approved by the Monopolies Commission. Moreover, there exist significant size of untapped market in which customers continue to use own resources for the transportation of cash. G4S hopes to develop our business in this area. Smaller players are also entering the market in a small way. The cash services market is profitable and dependent on volumes. The market profitability is G4S's profitability as we control very large market share

Market trends are towards more outsourcing due to increased crime, price sensitivity by large customers is evident and approval for the cash centre outsourcing model is taking root. Wage packeting and overnight storage are now accepted by the market. The market is segmented as follows: Financial Institution – 40%; Horticultural Sector – 20%; and, Retail Customers – 40%;

### 2.4.2 Courier Services

G4S dominated the courier market providing a highly efficient and secure countrywide service. Service levels are close to 100% and G4S has seen a huge growth in this service over the last 5 years despite the depressed economy. The main competition comes from EMS, the national post office. The total market is estimated to be Kshs. 1.3 billion p.a. The market share of G4S is estimated to be 50%. We have grown turnover by taking business from our competitors and opening up new markets through innovative service provision.

There are in excess of 50 licensed courier industry players and the Communications Commission of Kenya is trying to have a grip on regulating the industry. The courier market is profitable with volume driven margins. Customer needs are different for difficult segment and innovation is critical in retaining market leadership profitability at PBITA of 10% is common, over the plan period, the market is expected to grow to 7% year on year. The trend toward need driven outsourcing is evident specially in the sector of logistic business. This will form the basis for growth during the plan. Use of technology could lead to the loss of the bank voucher service as banks use virtual cheque clearing systems. New challenges to traditional courier business loss are due to increasing use of technology (e-mail, fax with scan and send capability, wide spread use of the internet and lately the Text data transmission via mobile phones). The growth of the business will therefore be in the larger parcel delivery segment. Market segmentation is as follows: Overnight services; Same day services;

Dedicated services; Intra bank services; Bank voucher services, Messengerial services; and, One hour service.

### 2.4.3 Alarm Installation and Project

This is a very fast changing market which requires creativity and adaptability by supplies to fulfill customer needs. This market is established to be about Kshs 0.3 billion. It is a growing market whose dominant products are CCTV, Access control systems and automatic alarm systems. Most small and informal industry players are content to do one off jobs which provide a reasonable return by the standard of the single entrepreneur technician owner of the organizations. There has been significant activity from or traditional competition in alarm monitoring to enter this market

This market has not been profitable for the formal security companies whose core business have been supported by recurring revenue. This market tends to offer one off projects which have a very short economic life span. Profitability in the market is estimated to be less than 2% PBITA. As most players do not pay taxes, their overall profitability is perceived as adequate even though it is illegal. The market growth is high at about 10% plus per annum. Customers are increasingly accepting technology as the way forward. It is clear that the professional guarding firms are getting to be too expensive ad this avenue offers an alternative to security for customers. The market is segmented on basis of products i.e. electronic fencing, CCTV, automatic alarm system, access control systems and is heavily influenced by architects, engineers and other professional consultants. The business strategy is to have technology support the development of Integrated Security as well as to develop control room revenue through new business as such as: Time locks/time delay duress signals, Alarms and control systems on guard sites to reduce guard numbers and supervision costs and simultaneously improve results and delivery; Cable monitoring; Vehicle tracking (already in place but potential for growth in consumer market), Alarm signals from towns with small guard branches for response by latter; and, Ancilliary signals.

### 2.4.4 SWOT Analysis

Table 2.1 and 2.2 illustrate the strengths and weaknesses, and opportunities and threats respectively with regard to G4S Security Services SWOT analysis.

Table 2.1: Strengths and weaknesses

| Strengths | Weaknesses |
|---|---|
| Strong company image brand<br>Financial stability/muscle.<br>Diversified services<br>Ability to offer innovative packaged tailored solutions<br>Branch network.<br>Well-structured management team.<br>Government contacts.<br>Largest security company leading to strong industry influence.<br>All Risks insurance cover available for cash services. | Insufficient investment in assets and people over last 10 years<br>Insufficient information on customers and competition especially in I.S. division.<br>Low introduction of technology in operational areas.<br>Outdated procedures.<br>Manual procedures requiring computerization<br>Slow adaptation and utilization of technology<br>Low marketing orientation in our Integrated Security division. |

Source: *G4S Security Services Southern and Eastern Africa Business Plan (2004)*

Table 2.2: Opportunities and threats

| Opportunities | Threats |
|---|---|
| Integrated/tailored security solutions<br>Cross selling of services ie Integration<br>Global regional customers<br>New government policy on corruption and transparency of government tender process may allow us to compete with companies, which were previously enjoying political patronage.<br>Financial Institution outsourcing.<br>Privatisation of public corporations.<br>Courier services to rest of East Africa<br>Messenger mail service to financial institutions<br>Provision of vehicle tracking to third parties<br>Us of dye box technology to lower police costs.<br>Potential for acquisitions. | Two unions competing with each other for recognition rights.<br>Lack of government regulation of the Security Industry.<br>International security firms e.g. Armour Group. Further international competition likely as the economy improves<br>Possibility of a price war<br>Cost of HIV AIDS.<br>Cheque clearing may be replaced by technology.<br>Unavailability of Police for our cash courier operations.<br>Poor infrastructure, especially upcountry, resulting in high costs.<br>Weighbridge inspections may commence for large courier vehicles leading to delays.<br>Low barriers to entry in the guarding alarms field.<br>Obsolete stock from technology changes |

Source: *G4S Security Services Southern and Eastern Africa Business Plan (2004)*

#### 2.4.5 PESTLE Analysis

Table 2.3 illustrates the political, economic, social, technological, legal and environmental analysis with regard to G4S Security Services PESTLE analysis.

Table 2.3: Political, economic, social, technological, legal and environmental analysis

| Political | Economic |
|---|---|
| New Government is a coalition, which may not stay together.<br>Lack of concrete action by the Government could lead to further delays in resumption of donor aid and continued poor economic performance.<br>New constitution being debated. Very slow progress being made.<br>Revival of Kenya Anti Corruption Authority to try to end corruption/and prosecute economic crimes.<br>Government commitment to implement key reforms to fight corruption, which could attract bilateral trade and investment.<br>The East Africa Community will provide a larger market and hence more business opportunities. | Stopping of IMF/World Bank funding due to corruption.<br>Huge government debt, which continues to increase.<br>Large budget deficit, which is increasing and may not be supported sufficiently or at all by donor aid.<br>Rapidly rising inflation<br>Low GDP growth.<br>Weakening of the Kenya Shilling versus hard currencies |
| **Social** | **Technological** |
| Extremely high level of unemployment and poverty. Both increasing.<br>HIV-AIDS pandemic seriously affecting the working population. A cost to the country/company.<br>High crime with well-armed criminals. | Customers beginning to appreciate the benefits of Integrated Security Solutions.<br>The liberalization of the Telecommunications industry will enable us to explore the use of GSM for monitoring and vehicle tracking<br>IT advances in banking industry may reduce |

| | |
|---|---|
| High levels of corruption in society. | requirement for courier service.<br>1.1 strategy will allow cost benefits |
| **Environment** | **Legal** |
| Pollution – complaints of noise pollution by motor cycles at night. | Lack of government regulation of the security industry.<br>No enforcement of labour legislation<br>Customers reluctant to sign our contracts due to very low liability clauses<br>Requirement to change transmitters from 25KHz to 12.5KHz in order to channel CCK regulation for channel spacing of 12.5 instead of 25KHz (actually required to have been completed by 1995). |

Source: *G4S Security Services Southern and Eastern Africa Business Plan (2004)*

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Research Design

A case study research design was used to investigate the implementation of competitive strategies by G4S Kenya, as a case study is a preferred method for learning about a complex instance, based on a comprehensive understanding of that instance obtained by extensive description and analysis of that instance taken as a whole and in its context. United States Government Accounting Office (GAO) (1990) defines a case study as a method for learning about a complex instance, based on a comprehensive understanding of that instance obtained by extensive description and analysis of that instance taken as a whole and in its context. In this study, the researcher was interested in learning the extent to which G4S Kenya implements competitive strategies as well as the extent to which Porter's (1980) industry five forces influence the implementation of competitive strategies by the organization as well as identify the challenges faced in the implementation of the competitive strategies.

## 3.2 Data Collection

According to Chadran (2004) data collection refers to gathering information and empirical evidence towards gaining insights about a situation and getting responses to the research questions. Quantitative and qualitative data are the two main types of data which depend on whether the variable is quantitative or qualitative. Quantitative data have numerical information or statistics while qualitative data have non-numerical attributes that are related to qualities, values or value assessment such as people's opinion. Chadran further outlines that there are two main sources of data: primary and secondary sources. Secondary data is indirectly acquired from existing sources like libraries, reports and publications while primary data is collected directly from original sources such as respondents through census or surveys.

For the purposes of this study, the researcher collected both primary and secondary data. Primary data was both quantitative and qualitative in nature and was collected by conducting interviews with selected respondents from G4S Kenya. These respondents comprised of the organization's senior management team (see Appendix I) which has twenty two (22) members. The researcher selected the interview as it allows the researcher to acquire more data and information from the respondent through probing. The interview sessions were aided by an interview guide containing three (3) sections: Section A: gathered data relating to competitive strategies adopted by G4S Kenya: Section B: gathered data relating to the implementation practices utilized by the firm; and Section C gathered data relating to the challenges faced in the implementation of competitive strategies by G4S Kenya. The interviews were conducted within the respondent's office or at any other convenient location as was preferred by the respondent.

Several secondary data collection methods were also utilized. The researcher gathered secondary data from the organization's strategic plan and company profile, minutes to management meetings, company annual reports, media reports and other publications that relate to G4S Kenya and the structure of the Kenyan security industry, especially sources relating to competition and competitive strategies within the industry.

### 3.3 Data analysis

Mugenda and Mugenda (2003) describe data analysis as the process of data coding, data entry and the common methods used in data analysis. Content analysis was utilized to determine the adoption, implementation and challenges faced in the implementation of competitive strategies by G4S Kenya. This analysis were undertaken using the inductive approach allowing the prevailing pattern, themes and categories of the respondent's responses and research findings, in relation to the adoption, implementation and challenges faced in the implementation of competitive strategies by G4S (K) Ltd. emerge from the data rather than be controlled by factors predetermined prior to their collection and analysis. Both quantitative and qualitative data was collected for analysis. Qualitative data was reported in context to the respondents views and response while quantitative data was edited, coded and analyzed using descriptive statistics such as percentages, frequencies and mean. The data was then analyzed using MS-Excel 2007 and the results presented using pie-charts, graphs and tables.

# CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

## 4.1 Response rate

Response rate refers to the percentage of subjects who respond to questionnaires. A response rate of 50% is adequate for analysis and reporting, whereas a rate of 60% is good and a rate of 70% and over is very good (Mugenda & Mugenda, 2003). Table 4.0 below illustrates the response rate of the study at 73% (computed by actual response/study's population) which, is very good for analysis and reporting and is adequately representative of the entire population.

Table 4.0: *Response Rate*

| | Organizations Population | Actual Response | Response Rate |
|---|---|---|---|
| Total Number of Agencies | 22 | 16 | 73% |

*Source: Research data*

## 4.2 Competitive strategies adopted by G4S Security Services (K) Ltd.

This section highlights findings on the competitive strategies adopted by G4S Security Services (K) Ltd which includes: product differentiation, cost leadership, focus, outsourcing, strategic alliances, mergers and acquisitions, and joint ventures. Table 4.1 illustrates the competitive strategies adopted by G4S (K) Ltd. To measure the extent to which these strategies were adopted, the researcher coded the respondents considerations where "Strongly agree" was given the value five (5.0), "Agree" was given the value four (4.0), "Indifferent" was given the value three (3.0), "Disagree" was given the value two (2.0) and "Stronly disagree" was given the value one (1.0). According to the table, mergers and acqusitions and focus strategies were the most adopted strategies as the respondents strongly agreed as their means drew closer to five (5.0) at 4.60 and 4.63 respectively. The respondents agreed that resource based view and cost leadership were also adopted by G4S (K) Ltd. as their means drew closer to four (4.0) at 3.63 and 3.81 respectively. However, the respondents were indifferent as to whether product differentiation and strategic alliances were adopted as their means drew closer to three (3.0) at 3.19 and 2.75 respectively. Moreover, the respondents disagreed that outsourcing and joint ventures are competitive strategies adopted by G4S Security Services (K) Ltd as their means drew closer to two (2.0) at 2.13 and 1.94 respectively. This research findings are further supported by qualitative data gathered during the interviews where one respondent outlined the following: "Mergers and Acquisitions as in the case of the merger between Securicor and G4S to form the largest security company globally." The respondent also indicated that there was an acquisition of Urban fire to form G4S fire services and that G4S recently acquired Archive solutions into the Courier division.

Focus strategy was mainly evident in situations where the company focused on specific product lines, for instance, guarding, fire and courier services. Cost leadership strategy was also pointed out during the interview sessions and in one case, a respondent outlined that though the company had attempted to be a cost leader in some instances, it was generally difficult as overheard costs were high. Diversification strategy was moderately utilized in services like close protection, vehicle tracking and security systems where diversification was mainly by use of technology. Respondents indicated that differentiation of the brand through rebranding had worked a lot in terms of being able to position the G4S (K) brand as a market leader in the security industry in Kenya.



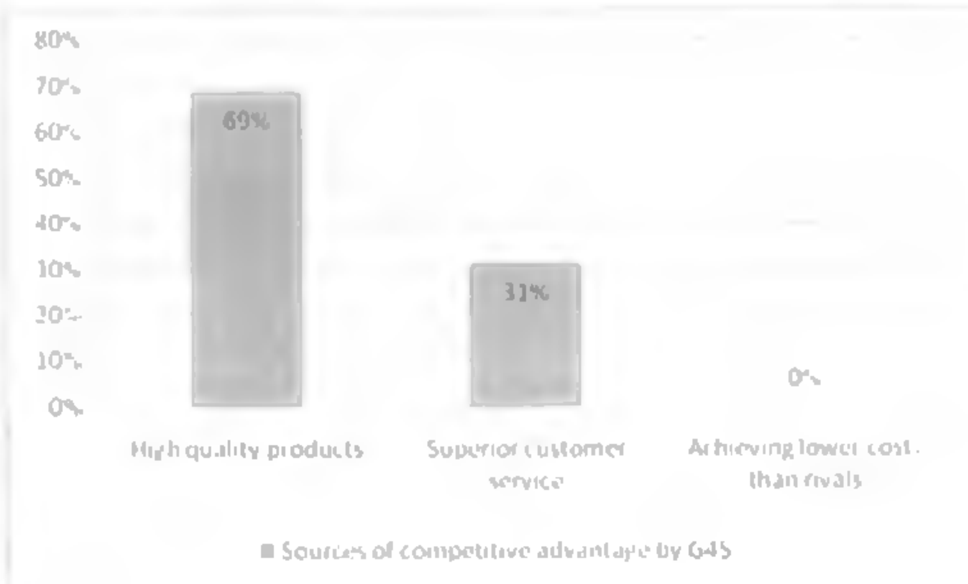
Table 4.1 *Competitive strategies adopted by G4S Security Services (K) Ltd*

| Does G4S (K) Ltd. actively pursue any of the following corporate strategy with regard to achieving and maintaining competitive advantage? | Mean |
|---|---|
| Product differentiation | 3.19 |
| Cost leadership | 3.81 |
| Focus | 4.63 |
| Outsourcing | 2.13 |
| Strategic alliances | 2.75 |
| Mergers and acquisitions | 4.60 |
| Joint ventures | 1.94 |
| Resource based view | 3.63 |

*Source: Research data*

Figure 4.1 illustrates the percentages of the sources of competitive advantage by G4S (K) Ltd. According to the figure, 69% was from high quality products while the remaining 31% was from superior customer service.

Figure 4.1: *Sources of competitive advantage by G4S Security Services (K) Ltd*




*Source Research data*

**4.3 Implementation practices by G4S Security Services (K) Ltd.**

This section highlights the findings on implementation practices by G4S Security Services (K) Ltd. Table 4.2 illustrates the security industry competitive forces in Kenya. To measure the industry competitive forces, the researcher coded the respondents considerations where "Strongly agree" was given the value five (5.0), "Agree" was given the value four (4.0), "Indifferent" was given the value three (3.0), "Disagree" was given the value two (2.0) and "Stronly disagree" was given the value one (1.0). According to the table, the respondents strongly agreed that new entrants into the security industry and presence of substitute products were the most evident industry competitive forces as their means drew closer to five (5.0) at 4.75 and 4.69 respectively. The respondents agreed that high buyers bagaining power was also an industry competitive force as the mean drew closer to four (4.0) at 4.38. However, the respondents were indifferent as to whether high bargaining power of suppliers was present as the mean drew closer to three (3.0) at 2.63. The respondents disagreed that intensive rivalry between competitors was a security industry competitive force in Kenya as the mean grew closer to two (2.0) at 2.06.

Table 4.2: *Security industry competitive forces in Kenya*

| Please rate the validity of the presence of the following industry competitive forces within the Kenyan security industry | Mean |
|---|---|
| New entrants in the security industry | 4.75 |
| The presence of substitute products | 4.69 |
| High bargaining power by suppliers | 2.63 |
| High buyers bargaining power | 4.38 |
| Intensive rivalry between competitors | 2.06 |

*Source: Research data*

Table 4.3 illustrates the importance of strategic factors to the overall organizational strategy of G4S Security Services (K) Ltd. To measure the strategic factors, the researcher coded the respondents considerations where "Very important" was given the value five (5.0), "Important" was given the value four (4.0), "Indifferent" was given the value three (3.0), "Unimportant" was given the value two (2.0) and "Very unimportant" was given the value one (1.0). According to the table, eliminating layers of management creating flatter organizational hierarchies, innovation and company reputation were considererd to be very important as their means drew closer to five (5.0) at 4.77, 4.75 and 4.44 respectively. Simultaneous service and quality improvement, organizational structure and closer relationships with customers and suppliers were considererd to be important as their means drew closer to four (4.0) at 4.38, 4.06, 3.75 and 3.63 respectively. The respondents were indifferent as to whether simultanious cost improvement was important to the overall organizational strategy of G4S (K) Ltd as the mean drew closer to three (3.0) at 3.25.

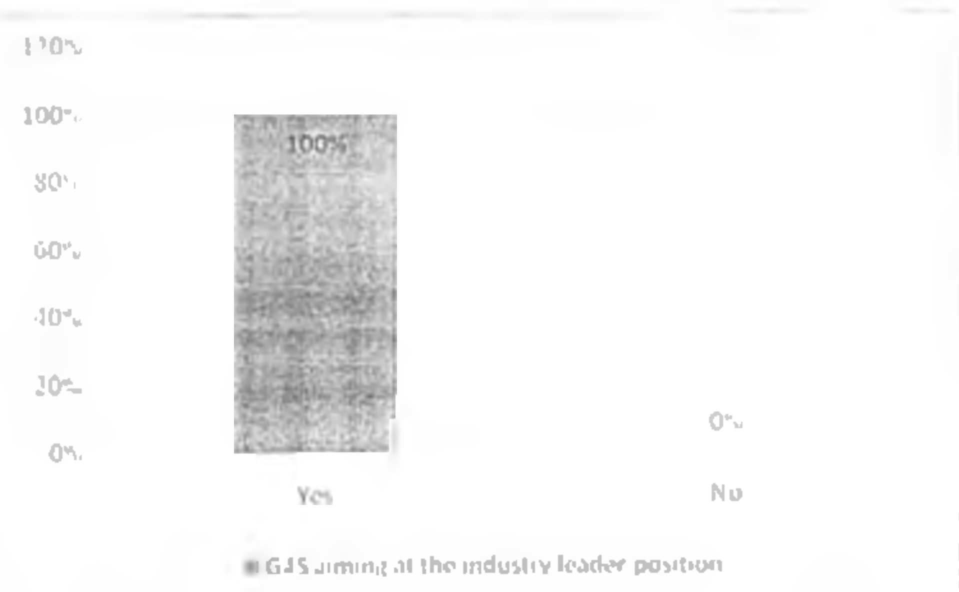
Table 4.3: *Importance of strategic factors to the overall organizational strategy of G4S*

| Please rate the importance of the following strategic factors to the overall organizational strategy of G4S Kenya | Mean |
|---|---|
| Innovation | 4.75 |
| Company reputation | 4.44 |
| Organizational structure | 3.75 |
| Simultaneous cost improvement | 3.25 |
| Simultaneous quality improvement | 4.06 |
| Simultaneous service improvement | 4.38 |
| Breaking down organizational barriers between departments | 3.56 |
| Eliminating layers of management creating flatter organizational hierarchies | 4.77 |
| Closer relationships with customers and suppliers | 3.63 |

*Source: Research data*

Figure 4.2 illustrates the percentages of the respondents' response as to whether G4S Security Services (K) Ltd was aiming and or maintaining the industry leader position. According to the figure, 100% of the respondents' were positive that the organization was aiming and maintaining the market leader position.

Figure 4.2: *G4S (K) Ltd aiming at the industry leader position*




*Source: Research data*

Table 4.4 illustrates the strategies that form part of the organization's competitive strategy. To measure the validity of these strategies, the researcher coded the respondents response where "Very true" was given the value five (5.0), "True" was given the value four (4.0), "Indifferent" was given the value three (3.0), "False" was given the value two (2.0) and "Very false" was given the value one (1.0). According to the table, G4S Security Services (K) Ltd. being better at producing a steady stream of innovative products and services than the competitors was considered to be very true as the mean drew closer to five (5.0) at 4.75. The respondents considered it to be true that the organization has internal capacity or access to latest research and development capabilities in the industry, does not engage in original research, has the capability of quickly copying innovators or buying successful innovations from others, has full ownership of interconnected stages in the chain and that G4S Security Services (K) Ltd. is willing to make substantial investments if these investments drive down costs as their means drew closer to four (4.0) at 4.31, 4.25, 3.69, 3.69 and 4.25 respectively.

However, the respondents were indifferent as to whether G4S Security Services (K) Ltd. produces bundles of products and services that are less expensive than equivalent offerings of competitors and that the organization focuses on coordination, facilitation or building unique value-adding chains that link together suppliers and customers as their means drew closer to three (3.0) at 3.31 and 3.27 respectively. The fact that G4S Security Services (K) Ltd. acts as a coordinator, facilitator, or deal maker and that the organization is ruthless in cost cutting were considered to be false as their means drew closer to two (2.0) at 2.44 and 2.31 respectively.

Table 4.4: *Components of G4S Security Services (K) Ltd. Competitive strategies*

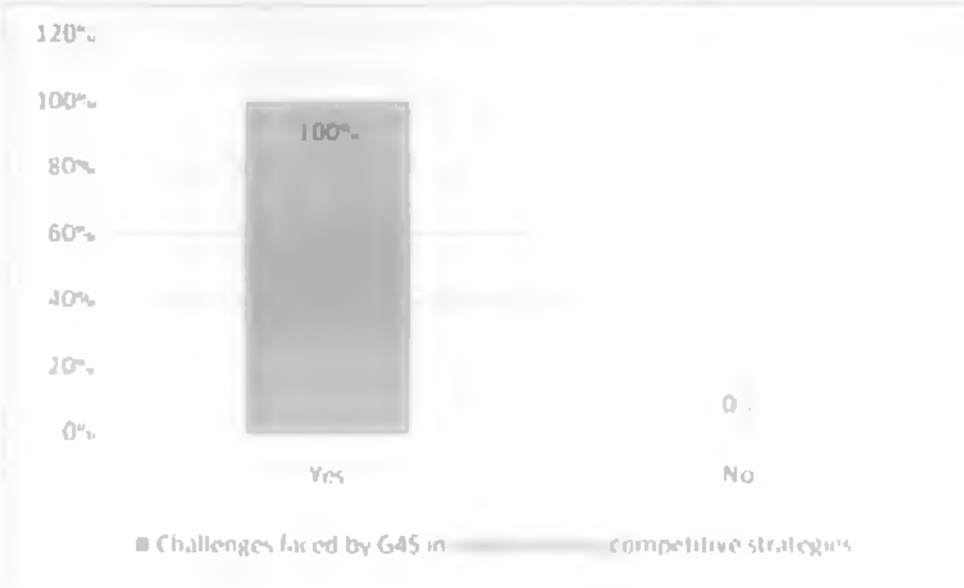
| Please rate the validity of the implementation of the following strategies as part of G4S Kenya's competitive strategy(s) | **Mean** |
|---|---|
| Better at producing a steady stream of innovative products and services than the competitors | 4.75 |
| Has internal capacity or access to latest research and development capabilities in the industry | 4.31 |
| Produces bundles of products and services that are less expensive than equivalent offerings of competitors | 3.31 |
| Does not engage in original research | 4.25 |
| Has the capability of quickly copying innovators or buying successful innovations from others | 3.69 |
| Is ruthless in cost cutting | 2.31 |
| Willing to make substantial investments if these investments drive down costs | 4.25 |
| Focus on coordination, facilitation or building unique value-adding chains that link together suppliers and customers | 3.27 |
| Acts as a coordinator, facilitator, or deal maker | 2.44 |
| Has full ownership of interconnected stages in the chain | 3.69 |

*Source: Research data*

**4.4 Challenges faced in the implementation of competitive strategies by G4S Security Services (K) Ltd**

Figure 4.3 illustrates the percentages of the respondents' response as to whether G4S (K) Ltd. was facing any challenges in the implementation of competitive strategies. According to the figure, 100% of the respondents' were positive that the organization was facing challenges in the implementation of competitive strategies.

Figure 4.3: *Presence of challenges in the implementation of competitive strategies by G4S*




*Source: Research data*

Consequently, Table 4.5 illustrates the factors posing challenges in the implementation of competitive strategies by G4S Security Services (K) Ltd. To measure the extent to which these factors pose challenges, the researcher coded the respondents considerations where "Very important" was given the value five (5.0), "Important" was given the value four (4.0), "Indifferent" was given the value three (3.0), "Unimportant" was given the value two (2.0) and "Very unimportant" was given the value one (1.0). According to the table, inadequate management of linkages within the organization's value chain and to linkages into the supply and distribution chains and competition within the organization's industry were considered to be very important in posing a challenge as their means drew closer to five (5.0) at 4.92 and 4.75 respectively. Reduced attractiveness and profitability of the industry, the degree of rivalry between existing competitors, the threat of substitutes and the threat of entry of new competitors (new entrants) were considered to be important in posing challenges as their means drew closer to four (4.0) at 4.31, 3.94, 3.75 and 4.38 respectively. The respondents were indifferent as to whether the firm's ability to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment and the bargaining power of buyers were posing challenges in the implementation of competitive strategies by G4S (K) Ltd as their means drew closer to three

(3.0) at 3.00 and 2.94 respectively. The bargaining power of suppliers was considered to be unimportant in posing a challenge in the implementation of competitive strategies by G4S (K) Ltd. as the mean drew closer to two (2.0) at 2.44.

Table 4.5: *Factors posing challenges in the implementation of competitive strategies by G4S*

| Please rate the importance of the following factors in posing challenges in the implementation of competitive strategies by G4S Kenya | Mean |
|---|---|
| Competition within the organization's industry | 4.75 |
| Reduced attractiveness and profitability of the industry | 4.31 |
| Firm's ability to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment | 3.00 |
| Inadequate management of linkages within the organization's value chain and to linkages into the supply and distribution chains | 4.92 |
| The threat of entry of new competitors (new entrants) | 4.38 |
| The threat of substitutes | 3.75 |
| The bargaining power of buyers | 2.94 |
| The bargaining power of suppliers | 2.44 |
| The degree of rivalry between existing competitors | 3.94 |

*Source: Research data*

Qualitative data indicated that other factors posing challenges in the implementation of competitive strategies by G4S (K) Ltd. include insufficient budgetary allocation to finance acquisitions due to fear by management as they were of the view that there is a low return on investment (ROI). Moreover, in the past issues of alignment between the acquired business and G4S Kenya's policies after the acquisition had arisen. Other factors pointed out included change management (staff involvement, attrition, motivation, culture change and reorganization); competition and dynamics in the business environment, for example, once G4S Kenya acquired Urban Fire, KK (its competitor) shortly followed and acquired Knight Frank (a provider of fire services); leadership issues where there is a conflict between the manager's goals and objectives with those of the organization as well as a high turnover rate in the leadership; poor planning and poor strategy execution and low investment in a competent, skilled and knowledgeable human resource that can ensure that the organization's core competencies, strategic alignment and competitive strategies are best suited and pursued consistently to not only gain but maintain sustainable competitive advantage

# CHAPTER FIVE: CONCLUISONS AND RECOMMENDATIONS

## 5.1 Conclusions

The researcher drew conclusions based on the research findings (in Chapter Four). The researcher drew out these conclusions in line with the study's research objectives. The first objective of the study was to establish competitive strategies adopted by G4S Security Services (K) Ltd. Research findings illustrated that G4S Security Services (K) Ltd adopted focus strategy as the main generic competitive strategy accompanied by mergers and acquisitions as part of its corporate strategy to gain and maintain a competitive advantage in the Kenyan security industry. Findings also indicated that resource based view and cost leadership were also adopted by G4S Security Services (K) Ltd. and that respondents were indifferent as to whether product differentiation and strategic alliances were adopted by the organization. However, respondents disagreed that outsourcing and joint ventures are competitive strategies adopted by G4S Security Services (K) Ltd Diversification strategy was moderately utilized in services like close protection, vehicle tracking and security systems where diversification was mainly by use of technology. Respondents indicated that differentiation of the brand through rebranding had worked a lot in terms of being able to position the G4S (K) brand as a market leader in the security industry in Kenya.

The second objective of the study was to establish the strategy implementation practices by G4S Security Services (K) Ltd. According to the research findings, eliminating layers of management creating flatter organizational hierarchies, innovation and company reputation were considered to be very important as strategic practices by G4S (K) Ltd. Simultaneous service and quality improvement, organizational structure and closer relationships with customers and suppliers were also evident as strategy implementation practices. Findings also indicated that G4S Kenya was better at producing a steady stream of innovative products and services than the competitors and that the organization has internal capacity or access to latest research and development capabilities in the industry, does not engage in original research, has the capability of quickly copying innovators or buying successful innovations from others, has full ownership of interconnected stages in the chain and that G4S Security Services (K) Ltd. is willing to make substantial investments if these investments drive down costs. Consequently, it can be concluded that the organization is not clearly focused on a single competitive strategy but has a combined approach to strategic practices aimed at gaining and maintaining competitive advantage.

The last objective of the study was to identify the challenges faced by G4S Security Services (K) Ltd in the implementation of competitive strategies within the Kenyan security industry. Research findings illustrated that 100% of the respondents' were positive that the organization was facing challenges in the implementation of competitive strategies. These challenges were identified as including: inadequate management of linkages within the organization's value chain and to linkages into the supply and distribution chains and competition within the organization's industry; Reduced attractiveness and profitability of the industry, the degree of rivalry between existing competitors, the threat of substitutes and the threat of entry of new competitors (new entrants); insufficient budgetary allocation to finance acquisitions due to fear by management as they were of the view that there is a low return on investment (ROI); change management (staff involvement, attrition, motivation, culture change and reorganization); competition and dynamics in the business environment; leadership issues where there is a conflict between the manager's goals and objectives with those of the organization as well as a high turnover rate in the leadership, poor planning and poor strategy execution; and low investment in a competent, skilled and knowledgeable human resource. This led to the conclusion that indeed G4S Security Services (K) Ltd. is facing challenges in the implementation of competitive strategies from both its internal and external environments.

## 5.2 Recommendations

Based on the conclusions of this study, the researcher recommends the following with regard to the implementation of competitive strategies by G4S Security Services (K) Ltd. First and foremost, that the organization's management should continue pursuing the focus strategy as a competitive strategy but should include outsourcing, strategic alliances and joint ventures as part of their corporate strategies with an aim of offering leverage to the focus strategy. Moreover, since research findings illustrated that new entrants into the security industry and presence of substitute products were evident industry competitive forces and that high buyers bargaining power was also an industry competitive force, it would be therefore necessary to increase the organization's differentiation capabilities both in its products and the G4S brand. This will ensure that new entrants will find it hard to "copy" the organization's products as well as making it hard for substitutes to "eat" into the organization's market share.

In this light, G4S (K) Ltd. should maximize on innovation and a good company reputation, simultaneous service and quality improvement, closer relationships with customers and suppliers, production of a steady stream of innovative products and services and the organization's internal capacity or access to latest research and development capabilities in the industry. This will ensure that G4S (K) Ltd. remains focused on its main product lines as well as have the capacity to differentiate its products and brand from those of competitors.

As regards challenges faced in the implementation of competitive strategies by G4S (K) Ltd the researcher recommends that the organization develops adequate management of linkages within the organization's value chain and linkages into the supply and distribution chains and competition within the organization's industry. Focus on specific differentiated product lines that can ensure profitability as well as enter into strategic alliances aimed at reducing the degree of rivalry between existing competitors. Management should also allocate more funds to finance acquisitions and marketing strategies aimed at steering the organization as a market leader through focus and differentiation. Strategic change management should be implemented to address leadership issues, poor planning and poor strategy execution and low investment in a competent, skilled and knowledgeable human resource

### 5.3 Recommendation for further research

The researcher recommends that further research should be undertaken to investigate the factors affecting the implementation of corporate strategies within the Kenyan security industry as well as managers' perception of competitive strategies and their impact on organizational performance in the Kenyan security industry.

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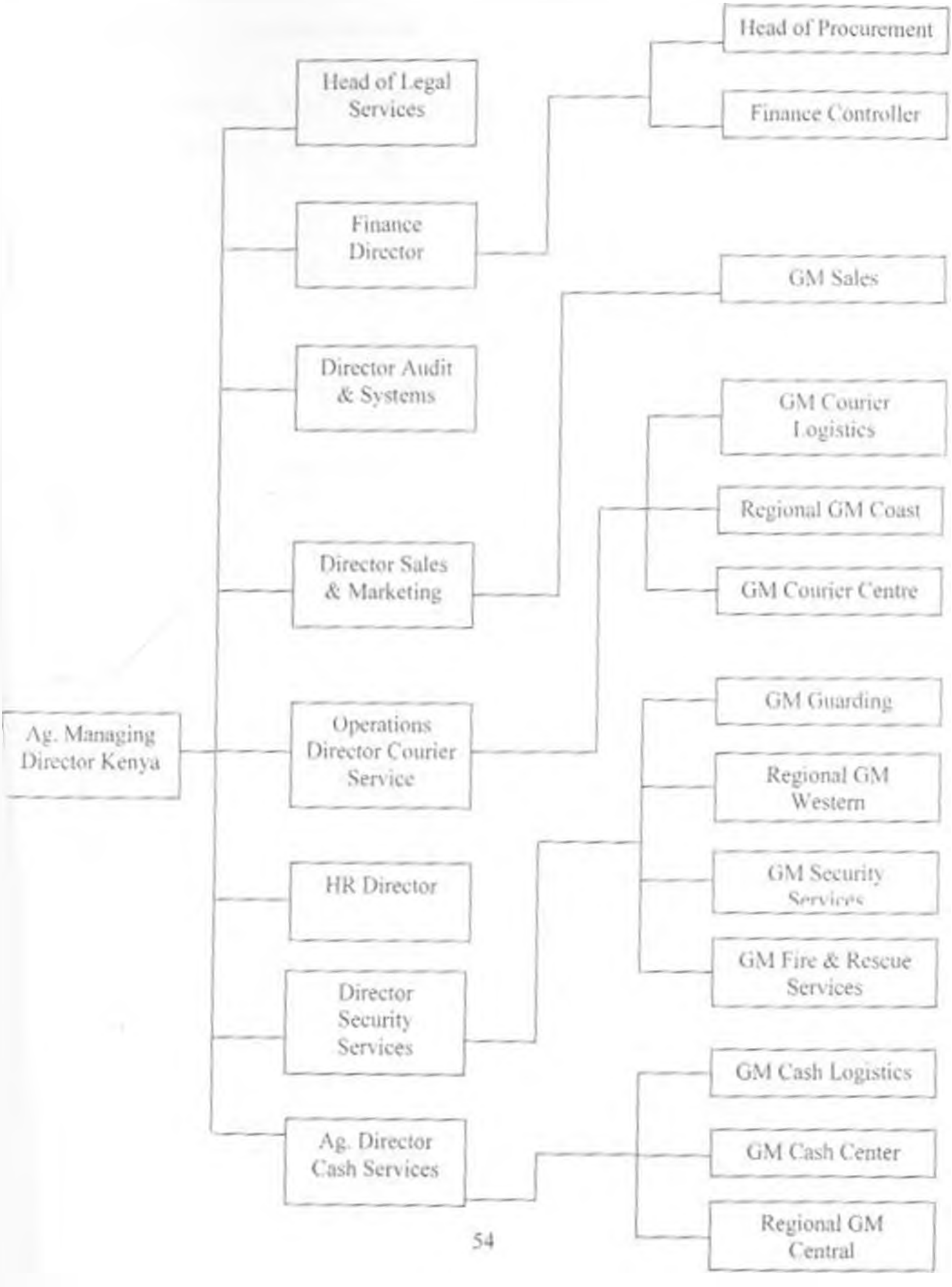
## APPENDIX I: SENIOR MANAGEMENT STRUCTURE (2009)



## APPENDIX II: INTERVIEW GUIDE

**SECTION A: Competitive strategies adopted by G4S Security Services (K) Ltd.**

1. In your opinion, does G4S (K) Ltd. align its overall corporate strategy with any competitive strategy?

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2. In a scale of 1 to 5 where; *1- Strongly agree; 2 – Agree, 3 – Indifferent, 4 – Disagree, 5 Strongly disagree)*, does G4S (K) Ltd. actively pursue any of the following corporate strategy with regard to achieving and maintaining competitive advantage?

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Product differentiation | | | | | |
| Cost leadership | | | | | |
| Focus | | | | | |
| Outsourcing | | | | | |
| Strategic alliances | | | | | |
| Mergers and Acquisition | | | | | |
| Joint Ventures | | | | | |
| Resource based view | | | | | |
| Other (please specify) ..................................<br>..........................................................<br>.......................................................... | | | | | |

3. In your opinion, which of the following are the most highly regarded sources of competitive advantage for G4S Kenya?

High quality products ( )

Superior customer service ( )

Achieving lower costs than rivals ( )

Other (please specify)

.........................................................................................................................................

.........................................................................................................................................

## SECTION B: Implementation practices by G4S Security Services (K) Ltd.

4. Please rate the validity of the **presence** of the following industry competitive forces within the Kenyan security industry: *(Rating Scale: 1- Strongly agree 2 - Agree 3 - Indifferent, 4 - Disagree, 5 - Strongly disagree)*

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| New entrants in the security industry | | | | | |
| The presence of substitute products | | | | | |
| High bargaining power by suppliers | | | | | |
| High bargaining buyers bargaining power | | | | | |
| Intensive rivalry between competitors | | | | | |

5. Please rate the importance of the following strategic factors to the overall organizational strategy of G4S Kenya: *(Rating Scale 1- Very important, 2 - Important, 3 - Indifferent 4 - Unimportant; 5 - Very unimportant)*

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Innovation | | | | | |
| Company reputation | | | | | |
| Organizational structure | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Simultaneous cost improvement | | | | | |
| Simultaneous quality improvement | | | | | |
| Simultaneous service improvement | | | | | |
| Breaking down organizational barriers between departments | | | | | |
| Eliminating layers of management creating flatter organizational hierarchies | | | | | |
| Closer relationships with customers and suppliers | | | | | |

6. In your opinion, does G4S Kenya aim at attaining and or maintaining the industry leader position?

Yes ( ) No ( )

Please comment:

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7. If yes, please rate the validity of the **implementation** of the following strategies as part of G4S Kenya's competitive strategy(s): *(Rating Scale 1 - Very true, 2 - True, 3 - Indifferent 4 - False, 5 - Very False)*

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Better at producing a steady stream of innovative products and services than the competitors | | | | | |
| Has internal capacity or access to latest research and development capabilities in the industry | | | | | |
| Produces bundles of products and services that are less expensive than equivalent offerings of competitors | | | | | |
| Does not engage in original research | | | | | |
| Has the capability of quickly copying innovators or buying successful innovations from others | | | | | |
| Is ruthless in cost cutting | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Willing to make substantial investments if these investments drive down costs | | | | | |
| Focus on coordination, facilitation or building unique value-adding chains that link together suppliers and customers | | | | | |
| Acts as a coordinator, facilitator, or deal maker | | | | | |
| Has full ownership of interconnected stages in the chain | | | | | |

**SECTION C: Challenges faced in the implementation of competitive strategies by G4S Security Services (K) Ltd**

8 Does G4S Kenya face any challenges in the implementation of competitive strategies within the Kenya security industry?

Yes ( ) No ( )

9 If yes, please rate the importance of the following factors in posing challenges in the implementation of competitive strategies by G4S Kenya: *(Rating Scale 1- Very important 2 Important; 3 – Indifferent; 4 – Unimportant, 5 – Very unimportant)*

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Competition within the organization's industry | | | | | |
| Reduced attractiveness and profitability of the industry | | | | | |
| Firm's ability to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment | | | | | |
| Inadequate management of linkages within the organization's value chain and to linkages into the supply and distribution chains | | | | | |
| The threat of entry of new competitors (new entrants) | | | | | |
| The threat of substitutes | | | | | |
| The bargaining power of buyers | | | | | |
| The bargaining power of suppliers | | | | | |
| The degree of rivalry between existing competitors | | | | | |

10. Other than the factors outlined above, what other factors pose a challenge in the implementation of competitive strategies by G4S Kenya?

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Thank you.