COMPETITIVE STRATEGIES ADOPTED BY WELLS FARGO (K) LIMITED TO
ENHANCE COMPETITIVE ADVANTAGE

GATHITU PAUL MBURU

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

November, 2015
DECLARATION

I hereby declare that this research project is my original work and has never been submitted to any other University for assessment or award of a degree.

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

Sign                                      Date

GATHITU PAUL MBURU

D61/60920/2013

This Project has been submitted for examination with our approval as university supervisor.

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

Sign                                      Date

MISS CAREN ANGIMA

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
ACKNOWLEDGMENT

First and foremost, I thank God, for the gift of wisdom, knowledge and strength to finish this research project. I sincerely thank my mother for her prayers, support, patience and encouragement. I acknowledge my family, friends and colleagues for their understanding and support during the research period. I also acknowledge and thank my supervisor Miss Caren Angima who dedicated most of her time in supervising the writing of this research project.
DEDICATION

I dedicate this research project to my family, friends and colleagues for their diligent assistance during study period.
# TABLE OF CONTENTS

**DECLARATION** ........................................................................................................... ii
**ACKNOWLEDGEMENT** ................................................................................................. iii
**DEDICATION** .............................................................................................................. iii
**TABLE OF CONTENTS** ................................................................................................. v
**LIST OF ABBREVIATIONS** ................................................................................................. vii
**ABSTRACT** ................................................................................................................... viii

## CHAPTER ONE: INTRODUCTION ............................................................... 1
  1.1 Background of the Study ......................................................................................... 1
    1.1.1 Concept of Strategy ......................................................................................... 2
    1.1.2 Competitive Strategies .................................................................................... 3
    1.1.3 Competitive Advantage ................................................................................... 4
    1.1.4 Wells Fargo (K) Limited ................................................................................... 5
  1.2 Research Problem ...................................................................................................... 6
  1.3 Research Objective ................................................................................................... 7
  1.4 Value of the Study ..................................................................................................... 7

## CHAPTER TWO: LITERATURE REVIEW ................................................. 9
  2.1 Introduction ................................................................................................................. 9
  2.2 Theoretical Foundation of the Study .......................................................................... 9
    2.2.1 Resource-Based View ....................................................................................... 9
    2.2.2 Game Theory .................................................................................................. 11
  2.3 Competitive Strategies ............................................................................................... 12
  2.4 Competitive Strategies and Competitive Advantage .................................................... 17
  2.5 Summary of Empirical Studies and Research Gaps ....................................................... 18

## CHAPTER THREE: RESEARCH METHODOLOGY ............................. 20
  3.1 Introduction ................................................................................................................. 20
  3.2 Research Design ....................................................................................................... 20
  3.3 Data Collection ........................................................................................................... 20
  3.4 Data Analysis ............................................................................................................. 21
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .................22

4.1 Introduction........................................................................................................22

4.2 Competitive Strategies Adopted by Wells Fargo (K) Limited.........................22
    4.2.1 Price Differentiation Strategy.................................................................22
    4.2.2 Strategic Partnership Strategy.................................................................23
    4.2.3 Information Technology Strategy............................................................24
    4.2.4 Human Resource Strategy.....................................................................25

4.3 Challenges Faced by Wells Fargo (K) Limited.................................................26

4.4 Discussion of Results.......................................................................................27

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS........29

5.1 Introduction.....................................................................................................29

5.2 Summary of Findings.....................................................................................29

5.3 Conclusion.....................................................................................................30

5.4 Recommendations..........................................................................................30

5.5 Limitation of Study.......................................................................................30

5.6 Suggestion of Further Study..........................................................................31

5.7 Implications for Policy and Practice..............................................................31

REFERENCES......................................................................................................32

APPENDIX I: LETTER OF INTRODUCTION ..................................................37

APPENDIX II: INTERVIEW GUIDE .................................................................38
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
</tr>
<tr>
<td>BM</td>
<td>Bob Morgan</td>
</tr>
<tr>
<td>CCTV</td>
<td>Closed Circuit Television</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise Resource Planning</td>
</tr>
<tr>
<td>G4S</td>
<td>Group 4 Security</td>
</tr>
<tr>
<td>KK</td>
<td>Kenya Kazi</td>
</tr>
<tr>
<td>KSIA</td>
<td>Kenya Security Industry Association</td>
</tr>
<tr>
<td>SAP</td>
<td>System Application Products</td>
</tr>
</tbody>
</table>
ABSTRACT
The service sector in Kenya has proven to be a major contributor to Kenya’s economy, propelling it over the years in areas of security and transport services. This research was a case study. It was based on the resource based view model and the game theory organization model. The research objective was to determine competitive strategies adopted by Wells Fargo (K) Limited to enhance competitive advantage. The data tool was an interview guide. Content analysis was used to analyse the qualitative primary data which had been collected by conducting interviews and secondary information from the organization. Five top level administrators in Wells Fargo (K) Limited who deal with implementation of strategies were interviewed. The study established that Wells Fargo Kenya Limited was using differentiation strategy, Strategic Partnership, Human Resource strategy and Information Technology strategy. The usage of the strategies resulted to formulation of policies and procedures which enhance the strategy, business plans formulated on low cost strategy, continuous innovation of new customer friendly products and services. The organisation is however faced by various challenges in the implementation of the strategies. These factors include threat of new entrants, constant change of technology, crime and terrorism. The study concluded that companies have to adopt various competitive strategies to remain competitive in the market and have an edge over others. The study recommended that Wells Fargo (K) Limited continue adapting new technology to be in line with global standards of technology.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organisations operate in an environment that may impact both positively and negatively on their pursuit of strategies. In this regard, it is crucial for managers to know the trends, magnitude and the rate of this competition. Subsequently they must manage strategically in order to compete favorably, thereby ensuring growth and survival of firms. Porter (1980; 1985) postulates that managing strategically leads to a competitive advantage that result to superior financial performance: the single most important goal of any organisation.

Strategic management is the process of formulating and implementing strategies, an all-encompassing action plan that identifies the long term direction for an organisation and guides resource utilization to accomplish organisational goals with sustainable competitive advantage. Strategy is a firms “game plan” (Pearce and Robinson, 2007). Strategies are developed by firms to enable them seize strategic initiatives and maintain a competitive edge in the market. The competitive strategy of an organisation determines its performance. Knowing what customers want and how the firm survives competition are prerequisite for firm success (Grant, 2003).

This study is based on the resource based view model and the game theory organization model that are used by organizations to generate the strategic inputs needed to successfully formulate and implement strategies and to maintain strategic flexibility (Hitt, Ireland and Hoskisson, 2005). The service industry in Kenya is involved with the provision of services to
businesses as well as consumers such as security and transport. It is attractive to many professionals because it offers products and services which both impact positively and sometimes negatively in the society. In this study the research will determine the various competitive strategies adopted by Wells Fargo (K) Ltd to gain competitive advantage so as to enable it to outperform its competitors and ensure its survival and sustainability in the market place.

1.1.1 Concept of Strategy

Strategy is a plan chosen to bring about desired future, such as achievement of a goal or solution to a problem. A focused organization will have a game plan with set targets to be achieved and appropriate strategies to achieve these targets. Strategy gives an organisation and all its stakeholders a sense of direction and for the strategy to be successfully implemented there must be unity of purpose. Mintzberg & Quinn (1991) define strategy as a primary means in reaching the focal point. Employees need to be sensitized on the concept of strategy as pertains to the organization to minimize the resistance levels during the implementation stage of the strategy.

Strategy is a set of decision making rules for guidance of organization behavior (Ansoff & Mc Donnell, 1990). Due to the unpredictability in the business environment, it is paramount that this strategy be reviewed from time to time in line with the environment in order to create a strategic fit. The decision making process of an organisation is complex and time consuming; strategy aids the process by acting as a tool. Strategy helps the organisation
relate to its environment and serves as a guide to the organization on what it is trying to do and achieve (Johnson, Scholes and Whittington, 2006).

1.1.2 Competitive Strategies

Competitive strategies are methods by which a company achieves competitive advantage. An organisation is said to have competitive advantage when it is able to create more economic value than rival organisations, value that are not being simultaneously being implemented by other competitors (Porter, 1980). An organisation focused on long-term success adopts competitive strategies that are constantly aligned to fit to the needs of the particular situation that the organisation is facing in relation to the dynamic forces of the environment. Competition is a major determinant of the success or failure of an organisation which does not align its strategy to the operating environmental forces, (Johnson & Scholes, 2004).

Organisations adopt their strategies after analysing both the external and internal environment in order to make strategic choices that are implemented to gain competitive advantage, (Porter, 1998). These strategies are either business level strategies or corporate strategies. Business level strategies are those actions taken by an organisation to gain advantage in a single market or industry while corporate level strategies are actions focussed on gaining advantage in multiple markets or industries simultaneously. The strategic choice adopted by an organisation will depend on the attractiveness of the industry and the competitive position of the firm (Porter, 1985). Porters five forces framework helps identify the attractiveness of an industry in terms of five competitive forces: the threat of a new
entrant, the threat of substitutes, the power of buyers, the power of supplies and the extent of rivalry between competitors.

### 1.1.3 Competitive Advantage

Porter (1998) posited that an organisation may obtain a competitive advantage by creating a higher value for its customers than the cost of creating it, either by adopting a differentiation strategy or an efficiency strategy. Oakland (1999) noted that there are at least two different types of differentiation strategy: those based on services and products innovation and those based on intensive marketing and image management. The key success factors which contribute to the profitability of a differentiator include creative flair, strong basic research services and products engineering (Malburg; 2000; Porter, 1998).

According to Thompson and Strickland (2002), a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending itself against competitive forces. They further argued that accompany competing in the market place with a competitive advantage tends to be more profitable and is likely to earn higher returns than one competing with no advantage. Strategy therefore is mandatory for any firm that intends to succeed in its endeavors and must be distinct enough to set the organization apart from the rest of the competition. To succeed in building a sustainable competitive advantage, an organisation must try to provide what customers perceive as high quality and competitive service.
1.1.4 Wells Fargo (K) Limited

Wells Fargo was incorporated in 1977 initially to provide dedicated, specialist professional security services to the banking sector and other financial institutions in Nairobi environs. Wells Fargo (K) Limited is a Kenyan – based company engaged in providing corporate security and protection solutions, offering premium services to major private and public organisations countrywide. The company has been in the security sector for over 30 years. The company has 45 branches and 35 Depot offices countrywide. The company recently opened a branch in Uganda. The company services and products include Guarding, Integrated Electronic Security Solutions, Cash-In-Transit, Vehicle tracking and fuel management, fire safety and emergency solutions. Guarding services provide guards to corporate and commercial clients where regular and extensive on-site security audits, surveys and consultations with customers ensure that they provide service and security solutions that are ideally suited to the customer’s needs and existing crime trends in the country.

Wells Fargo is one of the market leaders in the provision of valuables / cash in Transit services with a fleet of over 100, purpose built vehicles has a capability of providing professional service to destinations anywhere within the national boundaries. Wells Fargo is also a member of the Kenya Security Industry Association (K.S.I.A). Some of its competitors in the security and industry include G4S Security Solutions, KK Security, Security group Ltd, BM Security Ltd, Lavington Security, Radar Security Ltd, Riley Services Ltd, Total security services, Texas Alarms Kenya Ltd.
1.2 Research Problem

Competitive strategies employed by organisations in their operations vary widely depending on the operating environment. The current operational set up in Kenya’s service industry is a dynamic one and highly competitive with the emergence of many new organisations. As competition intensifies in the service industry, many businesses continue to seek and implement effective strategies in which to differentiate themselves from competitors (Porter, 2010). The ability of organisations to survive in the business environment is dependent upon their selection and implementation of a competitive strategy that differentiates the organisation from competitors.

Wells Fargo (K) Limited has been in the security industry for a longer time allowing it to maintain its competitive edge over its competitors, consciously adapting to ever changing needs of its clients. Some of its competitors are Lavington Security, Radar, 911 and Security Group. Despite this companies being in the same service industry they have not managed to catch up with Wells Fargo (K) Limited. It is therefore important to find out the strategies it has employed in order to sustain this competitive advantage.

There have been studies done on competitive responses adopted by certain International and Kenyan firms in the past. Kampire C. (2012) did a study on competitive strategies adopted by insurance companies in Rwanda, Shema E. (2012) looked at Competitive strategies adopted by institutions of higher learning in Rwanda, Kiptugen (2003) established that Kenya Commercial Bank responded to its changing competitive environment through restructuring, marketing, embracing information technology and culture change, Khalid (2004) carried out
a survey of competitive strategies adopted by supermarkets. Obado (2005) looked at competitive strategies employed by sugar manufacturing firms in Kenya and found that they used cost leadership and differentiation as the main strategies, while Awiti (2007) did a study on the competitive strategies used by Reproductive Health Organizations to cope with increased competition in the private sector.

These studies reveal the existence of competitive strategies in the firms studied. However, none have researched on security services carried out to establish the competitive strategies adopted by Wells Fargo (K) Limited to enhance its competitive advantage. This study therefore investigates the competitive strategies adopted by answering the question: what competitive strategies have been adopted by Wells Fargo (K) Limited to maintain its competitive advantage over its competitors?

1.3 Research Objective

The objective of the study was to establish competitive strategies adopted by Wells Fargo (K) Ltd to enhance its competitive advantage.

1.4 Value of the Study

The study will promote strategic thinking among the managers of the Wells Fargo (K) Ltd and also to similar firms in the service industry. Investors can also gain an insight on the company and its strategic position within the environment, which can assist them in determining their viability of their investments.
For Policy makers, industry regulators will find this study useful for purposes of coming up with policies and regulations that will help the security service industry to better evaluate, control, monitor and implement their strategies. This would ensure that the organizations involved in the service industry will discharge their obligation as stipulated.

The study will be of academic value to those interested in the service industry studies with an aim of instituting a business in the service industry. It will provide a platform for future research on competitive responses by organisations to changes in their environment and customer’s needs, both in private and public sectors in ensuring that they offer good services to their clients and maintain their value.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores the theories put forward by earlier researchers explaining how competitive strategies can be adopted to enhance competitive advantage.

2.2 Theoretical Foundation of the Study

Various authors have explored organisation competitive strategies and its application, trying to explain how a company can match its resources with the business environmental requirements through an evolutionary process to achieve long-term objectives (Porter, 1980; Grant, 2000; Barney, 2007). This activity, they have argued, has to be determined by information gathered from organisations’ internal and external environmental assessment, constant monitoring of these environments and aligning of the competitive strategies (for strategic fit) to the changing environmental forces such as competition. (Pearce & Robinson, 1997) further argue that this is a process through which the competitive strategy is translated into functional and operational targets. This raises various structure and process elements on leadership, culture, resources, administrative procedures, compatibility and the overall strategy communication in an organization. It may sometimes lead to confusion in applying the competitive strategies if these aspects are not harmonised in the organisation.

2.2.1 Resource-Based View

According to Thompson (2005), each firm should develop competencies from its resources and when these are developed well, they become the source of the firm’s competitive advantage. A company is positioned to succeed if it has the best and most appropriate stock
of the resources relevant for its business and its strategy. According to Thompson (2005), each firm should develop competencies from its resources and when these are developed well, they become the source of the firm’s competitive advantage. Hamel & Prahalad (1994) agreed that the distinctive competences of a firm must have customer value, extendibility, and must be competitor unique for them to attain maximum benefits for the firm. Availability of resources however is not enough. A company’s competitive advantage is derived from its ability to assemble and exploit its resources and capabilities in synergistic combination. There is therefore need for a good fit between the external market and the firm’s internal capabilities. The major assumptions of the resource-based view are resource heterogeneity, which assumes that organisations are bundles of products and services with organisations possessing different bundles of these resources, and resource immobility, which assumes that some of these resources are either very costly to copy or imitate or either inelastic in supply (Barney, 2007). These resources can either be tangible or intangible and they include all assets, capabilities, competencies, organisation processes, organisation attributes, information, knowledge that are controlled by an organisation and that enable it to conceive of and implement strategies designed to improve its efficiency and effectiveness (Pearce & Robinson, 1997; Barney, 2007).

The emphasis of the RBV approach to strategic management decision-making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value-creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity (Grant, 1991). In
other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets

2.2.2 Game Theory

This theory, also referred to as the zero-sum theory, has been a developing branch of economics in years. It spans games of static and dynamic nature under perfect or imperfect information. This theory is quite useful in analysing sequential and highly dynamic decisions at the tactical level. It puts much emphasis on the importance of being pro-active or thinking-ahead, considering alternatives and anticipating the reaction of competitors and other players in the game, which is the industry or competitive environment (Brandenburger and Nalebuff, 1995)

The game theory has been applied in the way organisations compete in a particular industry, their relationship and interactions in situations of cut-throat competition, whereby one organisation gains while another one loses within an unchanging total of market share and characteristics. The choice of strategy depends highly on the information that each party has. This could either be perfect or imperfect information and the strategic actions are simultaneous for the players, in this case competing organisations in the same industry. The organisations cannot collude into a particular decision since they make choices simultaneously. The zero-sum game involves just two players in which one player can only be made better off by making the other worse off (Brandenburger & Nalebuff, 1995).
The game theory’s application areas in competitive strategy are in pricing, research and
development, new product introduction, advertising, regulation and in choice of either to
undertake licensing or produce. Understanding the game well can enable organisations to
create a win-win situation to make the organisation to be in a better position than other
players. Understanding the game well will also make the organisation change the rules,
players, tactics and scope of the game in the organisation’s favour. The applicability of the
game theory in improving competitive advantage of organisations can be seen in
organisation’s choice of adopting a new technology, and first-mover advantages, as well as
cost leadership or pricing of its products and services. However, this theory has not been
largely popular but it is applicable to oligopolistic businesses (Brandenburger & Nalebuff,
1995; Prahalad & Hamel, 1990; Murphy, 2005).

2.3 Competitive Strategies

There are various strategies that organisations can adopt in order to achieve competitive
advantage over their competitors. Porter’s generic strategies are useful in determining
strategic positions at the simple and broad level of organisation scope. The basis for Porter’s
model was the industry structure and positioning within the industry. These strategies were
cost leadership and differentiation, while the third strategy, focus was based on these two
strategies. Focus is the organisation’s choice of competitive scope. This scope distinguishes
between organisations targeting broad industry segments and organisations focusing on
narrow segments. Cost strategy is Porter's generic strategy known as cost leadership
(Malburg, 2000). This strategy focuses on gaining competitive advantage by having the
lowest cost in the industry (cost advantages). In order to achieve a low-cost advantage,
service industry firms must have a low-cost leadership strategy, low-cost operations with integrated sections/business units, and a workforce committed to the low-cost strategy. For an effective cost leadership strategy, service industry firms must have a large market share. There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, services and products design, input cost and capacity utilization of resources.

Porter (1998) purports only one firm in an industry can be the cost leader and if this is the only difference between a service industry firm and competitors, the best strategic choice is the low cost leadership role (Malburg, 2000). Lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, services and products designs reducing operations time and costs, and reengineering activities. Lower prices lead to higher demand and, therefore, to a larger market share. As a low cost leader, organisations can present barriers against new market entrants who would need large amounts of capital to enter the market. The leader then is somewhat insulated from industry wide price reductions (Malburg, 2000). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues.

A cost leadership strategy is designed to produce goods or services more cheaply than competitors by stressing efficient scale of operation. When a firm sells a comparable service and product more efficiently than its competitors as well as its market scope, it means that the firm is carrying out the cost leadership strategy successfully (Brooks, 2010). Firms often drive their cost lower through investments in efficient-scale facilities, tight cost and overhead
control, and cost minimizations in such areas as service, selling and advertising (Porter, 1998). To the extent that a cost leadership strategy is built on such generic solutions related to operational efficiency, we expect that such a strategy would be more susceptible to imitation by competitors and peers, implying that the comparative cost advantages would dissipate over time. In market focus strategy the focuser’s basis for competitive advantage is either lower cost than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the services based on a certain physiological aspects or by special attributes that appeal to members of a certain social class (Stone, 2008).

A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes. In the focus strategy, a firm targets a specific segment of the market (Porter, 1998). A firm can choose to focus on a select customer group, services and products range, geographical area, or service line (Stone, 2008). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and services and products specifications or requirements. A successful focus strategy depends upon an industry segment large enough
to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy (Porter, 1998).

Differentiation strategy is a marketing technique used by an organisation to establish strong identity in a specific market. Differentiation strategy can also be defined as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique (Davison 2011). To maintain this strategy, the organisation should have: strong research and development skills, strong services and products engineering skills, strong creativity skills, good cooperation with distribution channels, strong marketing skills, and incentives based largely on subjective measures, be able to communicate the importance of the differentiating services and products characteristics, stress continuous improvement and innovation and attract highly skilled, creative personnel. Research within service sector (Prescott, 2008), concludes that services and product differentiation is a common way of differentiating a firm’s offerings from those of its competitors. A differentiation strategy calls for the development of a services and products or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the services and products of the competition (Porter, 1998).

Organisations that succeed in a differentiation strategy often have access to leading scientific research, highly skilled and creative services and products development team, strong sales team with the ability to successfully communicate the perceived strengths of the services and products and corporate reputation for quality and innovation (Prescott, 1998). Successful differentiation is based on a study of buyers from different places needs and behaviour in
order to learn what they consider important and valuable. The desired features are then incorporated into the services and products to encourage buyer preference for the services and products. The basis for competitive advantage is a services and products whose attributes differ significantly from rivals’ services and products. Efforts to differentiate often result in higher costs. Profitable differentiation is achieved by either keeping the cost of differentiation below the price premium that the differentiating features command, or by offsetting the lower profit margins through more sales volumes (Grant, 2002).

Collaboration between potential competitors, buyers or sellers is likely to be advantageous when the combined costs of sale transacting are lower through collaboration than the cost of operating alone. Baysingor & Hasskinsson, (1989) noted that merged firms increase their market power. Organizations are also tying suppliers to their enterprise resource planning (ERP) system, the result of which is coordinated buying power (Johnson et al. 2008). Through research and development, mergers promote industry generic features so as to overcome substitution. Kautz (2000) argued that competitive advantage in mergers emanates from getting better prices for goods to seeking business.

Grand strategy is the basis of coordinated and sustained efforts directed towards achieving long term business objectives. They are useful for guiding a firm’s major actions. Firms involved with multiple industries, businesses, product lines or customer groups usually combine several grand strategies (Pearce and Robinson, 1997). According to Hunger and Wheelen (2003), a firm’s grand strategies comprise of growth, stability and retrenchment strategies. Grandy (1995) argued that growth strategies involve exploring business
opportunity for both financial and competitive advantage. Concentration which comprises vertical and horizontal integrations is useful where a company’s product lines have real growth potential. “Through vertical growth, a firm in effect, builds on its distinctive competence in an industry in order to gain great competitive advantage by expanding along the industry value chain” (Hunger and Wheelen, 2003).

2.4 Competitive Strategy and Competitive Advantage

When an organisation develops competitive strategies, it is developing a broad formula for how a business is going to compete. The goals of competitive strategies are focused towards gaining a competitive advantage, cultivating clientele of loyal customers and outperforming rivals. The firm will be able to formulate strategies that will help it attract customers, withstand competitive pressures and strengthen their market position. The key aspects of a firm’s strategic competitiveness are based on the wheel of competitive strategy. The wheel of competitive strategy is used for articulating the key aspects of the organization competitive strategy (Porter, 1980).

Competitive advantage is based on firm’s core competences. In order to achieve a competitive advantage organization must focus on achieving competitive advantage that can be preserved over a long period of time. Varadarajan and Jarachandran (1999) agreed that the fundamental basis of long run success of a firm is the achievement and maintenance of a sustainable competitive advantage. As Barney (1991) argued, in order for a firm to attain a sustainable competitive advantage, it must implement a value creating activity that is not being simultaneously implemented by other competitors and when other firms are unable to
duplicate the benefit of this strategy then that firm can be said to poses unique strategies that are different from its competitors.

2.5 Summary of Empirical Studies and Research Gaps

The resource based review model and the game theory model are the theories used to show how competitive strategies can be adopted to enhance competitive advantage. Success of a firm in its product market was a result of its advantages in the factor market (or resource). The rent the firms generate through its operations depends on the superiority of its resources. Wernerfelt. (1984). Game theory has been applied in the way organisations compete in a particular industry, their relationship and interactions in situations of cut-throat competition, whereby one organisations gains while another one loses within an unchanging total of market share and characteristics.

The Service Industry in Kenya is highly competitive offering products and services which both impact positively and sometimes negatively in the society. Studies have been carried out on competitive strategies adopted by International and Kenyan firms from various sectors in the service industry. Kampire C. (2012) did a survey on competitive strategies adopted by insurance companies in Rwanda, Shema E. (2012) looked at Competitive strategies adopted by institutions of higher learning in Rwanda, Kiptugen (2003) established that Kenya Commercial Bank responded to its changing competitive environment through restructuring, marketing, embracing information technology and culture change, Khalid (2004) carried out a survey of competitive strategies adopted by supermarkets. Obado (2005) looked at competitive strategies employed by sugar manufacturing firms in Kenya and found that they
used cost leadership and differentiation as the main strategies, while Awiti (2007) did a study on the competitive strategies used by Reproductive Health Organizations to cope with increased competition in the private sector. However, none have researched on competitive strategies adopted by Wells Fargo (K) Ltd.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research design and methodology that was used in the study. It has been organized into research design, data collection procedures and data analysis techniques that were deployed.

3.2 Research Design

The research design was a case study. According to Kothari, (2006) a case study design is a way of organizing data and looking at the object to be studied as a whole, a case study makes a detailed examination of a single subject or a group of phenomena. Case approach helps to narrow down a very broad field or population into an easily researchable one, and seeks to describe a unit in details, in context and holistically, (Kombo & Tromp, 2006).

3.3 Data Collection

Data collection was through face to face interview. An interview guide was employed as the research instrument. The researcher utilized both primary and secondary data. Primary data was collected by way of personal interview guided by a prepared interview guide consisting of open ended questions.

The respondents were drawn from the top level management involved in the implementation of strategies in the organisation They included the Business Development Manager, Operations Manager, Head of Information Technology, Human Resource Manager and the
Technical Manager. Secondary data was sourced from viewing documents and brochures to supplement the data received from the interview guide. In this study, the design was used to answer research questions. The design was found to be appropriate to this study as it was able to report on the various strategies being used by Wells Fargo (K) Limited in order to keep a competitive edge.

3.4 Data Analysis

Data analysis is generally involved reducing accumulated data to a controllable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper and Schindler 2000). Content analysis was used to assist in making inferences by systematically and qualitatively identifying specific responses and then relating them with their occurrence trend. Content analysis enables a more objective evaluation than comparing content based on the impressions of a listener. It allowed an understanding of strategy implementation process viewed by the different respondents.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
This chapter presents the research findings and discussions on competitive strategies used by the Wells Fargo (K) Limited. The respondents selected were five top level administrators from appropriate departments that are concerned with strategy development and implementation and development in the organization. They included the Operations Manager, Head of Information Technology, Business Development Manager, Technical Manager and Human Resource Manager. The choice of respondents being purposive and the number being small, they all responded.

4.2 Competitive Strategies Adopted by Wells Fargo (K) Limited
This section provides the discussion on the strategies adopted by Wells Fargo (K) Limited to enhance competitive advantage. The respondents identified Price Differentiation, Strategic Partnership, Information Technology and Human Resource as the strategies employed by Wells Fargo (K) Limited.

4.2.1 Price Differentiation Strategy
The strategy aims at categorizing its customers according to their needs and market segmentation. Respondents confirmed that over the past few years, Wells Fargo has developed a comprehensive domestic and international products and services portfolio. The organisation has been able to accommodate their client’s needs by offering different types of quality services at reasonable prices. Respondents noted that the organization faced stiff
competition on the services offered by their organization which are similar to those offered by competitors. The respondents also confirmed that the company gives value added products and services to its customers thus maintaining price superiority compared to its customers. The price differentiation advantage enables the company to provide and deliver superior products and services at the same price than its competitors. Despite the company’s high prices they offer quality services which give their clientele value for their money keeping them on edge over their competitors.

4.2.2 Strategic Partnership Strategy

Respondents confirmed that Wells Fargo (K) Limited has formed alliances with various players in the service industry drawn from the public and private sectors. These players include Ultimate Security Company on providing fire and alarms services in various functions, the Kenya Police in providing quick response to security matters. Respondents noted that Wells Fargo (K) Limited is the only Security firm in Kenya which has installed UHF radio links between its control rooms to the respective Police 999. This allows simultaneous receipt of panic alarm signals at Police, Fire stations where appropriate and the Wells Fargo (K) Limited control rooms. Security alarm signals are received at both in Wells Fargo control room and closest Police stations directly from the client’s site.

Some competitors do have such partnerships but Wells Fargo (K) Limited has a unique partnership that other competitors appear not to have. This has enabled it to outperform its competitors and ensure its survival and sustainability in the market place maintaining its competitive advantage in the service industry. Channon (1999) agreed that firms from
strategic alliances so as to achieve certain strategic goals. Respondents also identified that the overall company strategies implemented within departments are all geared towards remaining competitive in the Kenyan service industry.

4.2.3 Information Technology Strategy

Respondents confirmed that Information Technology has helped Wells Fargo (K) Limited to automate its processes. The respondents indicated that several system changes have been developed so as to enhance effectiveness in offering quick and efficient services to their customers. According to the respondents Wells Fargo (K) Limited has continually invested in developing new and enhanced services to meet the varying needs of existing and potential customers. The introduction of systems like System Application Products (SAP) and Enterprise Resource Planning (ERP) has facilitated compilation and synchronization of several data and has improved overall product and services offered. The organisation has in addition setup a website that gives the customers information about them and what products and services they offer.

Respondents also confirmed that Wells Fargo (K) Limited provides a complete and integrated approach to electronic security services by using the most innovative technology that delivers real value efficiencies that sets it apart from other security services providers. Wells Fargo (K) Limited was one of the first security companies to introduce the concept of installing Closed Circuit Television (CCTV) surveillance systems in the banks. CCTV has since proved to be a very effective deterrent and investigative tool.
According to the respondents Wells Fargo (K) Limited pioneered the use of state of the art access control equipment in order to deliver sophisticated security solution. The respondents also noted that they are currently using the new generation of discreet computer based digital access control systems. The company provides after sales service and maintenance from their own in house reference workshops to ensure that downtimes are kept to a minimum as they support the client throughout that period of time.

4.2.4 Human Resource Strategy

Respondents confirmed that Wells Fargo conducts an intensive vetting system for all its new employees in all the departments prior to any appointments. This process includes finger prints taken by relevant government departments for criminal record checks, a certificate of good conduct obtained and an in-depth check from a minimum of three referees. Wells Fargo (K) Limited has invested in a fully equipped training facility where the uniformed staffs (guards) undergo intensive sessions.

Respondents also confirmed that Wells Fargo (K) Limited has continually developed and invested in its resources, people and technology. Corporate clients and financial institutions demand the very highest standards of personnel systems. Wells Fargo (K) Limited has staff training in short and long courses. The Human Resource department looks at strategies on how to motivate its staff by organising social activities for example team building and internal sporting activities. This makes it remain among the best employer in the security and transport industry. Respondents noted that the company has embraced the use of ICT in order to improve the quality of its staff and as well reduce on the cost of operation.
4.3 Challenges faced by Wells Fargo (K) Limited

Respondents cited various challenges encountered by the company in implementation of these strategies. These were threat of new entrants, the constant need for change of technology, the advancement of crime and the threat of terrorism. Respondents noted that there is threat from locally up-coming companies with a lower price strategy which may prove competitive to them. These companies include Hatari, Cobra and Radar. This gives Wells Fargo (K) Limited a challenge to improve their service to maintain their competitive edge over others.

Respondents confirmed that with the constant change of technology, the company has to provide a complete and integrated approach to offering Information Technology solutions to business problems. This can be done by using innovative technology in its product and service delivery. Wells Fargo (K) Limited has to invest in technology so as to enable it to provide or offer better and improved services to maintain its competitive advantage.

Respondents noted that over the years crime has advanced. This makes it necessary for the company to adopt more advanced technology to avert crime. Crime in areas such as Automated Teller Machine (ATM), theft where criminal gain access to personal accounts. Access control systems, intruder alarms and CCTVs are used to combat the issue of crime.

Respondents also confirmed that Kenya has experienced dozens of terrorist attacks on areas such as churches, hotels and shopping malls, which has instilled fear in people and crippled many businesses. In the midst of all this the private security industry has been flourishing as
more companies and property owners have hired guards and installed security gadgets. Wells Fargo (K) Limited needs to adapt to the ever changing needs of its clients by recruiting and training its security guards, providing state of the art security systems. That includes Radio and intruder alarm, CCTV’s, fire detection and access control systems to combat such threats and maintain its competitive advantage over its competitors.

4.5 Discussions of Results
The researcher set out to establish the competitive strategies adopted by Wells Fargo (K) Limited to enhance competitive advantage. The research findings as discussed above establish that the company embraces different strategic management approaches such as the price differentiation strategy. According to McCracken (2002) the key step in devising a differentiation strategy is to determine what makes a company different from a competitor's. Wells Fargo (K) Limited has positioned itself as a brand by adapting different strategies in such a way as to differentiate it from its competitors. Human resources through quality improvement, Strategic partnership with other companies in order to gain competitive advantage. Information Technology adoption in order to remain competitive in the service industry.

The findings of the study support the theory of resource based theory. A company’s competitive advantage is derived from its ability to assemble and exploit its resources and capabilities in synergistic combination. Porter (1996) argues that strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. Competitive advantage strategies through maximization of resources in an
organization are very important for companies with the objective of gaining a competitive advantage in the market. Thus, this theory supports the concept of this study as it argues that resources and its efficient management leads to Wells Fargo (K) Limited gaining a competitive advantage position which is important for them to achieve superior performance. According to Thompson et al. (2007), each firm should develop competencies from its resources and when these are developed well, they become the source of the firm’s competitive advantage.

Challenges highlighted include competition from new entrants in the security industry offering lower prices for the same services offered by Wells Fargo (K) Limited, the constant need for change of technology so as to adapt to the ever changing needs of customers, the advancement of crime and the threat of terrorism. Johnson and Scholes (2002), state that environmental changes shape opportunities and challenges facing the organization and the speeds in technological change, thus the need to constantly adjust according to these changes to maintain competitive advantage.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the study, conclusion reached by the researcher, recommendations proposed upon analysis of the findings limitations of the study, and suggestions for further study.

5.2 Summary of Findings
From the study, Wells Fargo (K) Limited has adopted various strategies for achieving a competitive advantage and ensuring that it remains competitive in the market through offering differentiated products. These strategies were identified and grouped into Price Differentiation Strategy, Strategic Partnership, Information Technology, and Human Resource strategy.

The study established the differentiation strategies approaches perceived most important as offering customers what they consider most important and valuable, incorporating desired service features into product, promoting customer loyalty, carrying out continuous study of customers needs, engaging high skilled staff, offering a wide range of services and the most important being offering unique products and services that differ from those of competitors. Wells Fargo (K) Limited encounters a number of challenges in adopting competitive strategies. They included threat of new entrants in the security industry offering lower prices for their services, constant need of change in technology, the advancement of crime and the threat of terrorism.
5.3 Conclusion

The study concludes that companies have to adopt various competitive strategies to remain competitive in the market and have an edge over others. A firm is able to establish itself in the market by maintaining its customers. A firm should not compromise the level of service. It should formulate ways of maintaining its name and good corporate culture. A firm should adapt to new technologies and make the necessary changes to remain competitive in the industry for example in countering threat of cyber crime, theft and fraud. A firm should continue training its personnel to be conversant with skills to counter crime. They can also utilize the experience and expertise of retired service men/women from the army or police. A firm also has to adapt to the ever-changing needs of its customers to enable it to outperform its competitors and ensure its survival and sustainability in the market place.

5.4 Recommendations

The study recommends that Wells Fargo (K) Limited continues adapting new technology to be in line with the global standards of technology. As much as Wells Fargo (K) Limited has an edge over local companies they should go a step further to compare themselves with other international companies particularly in the areas of technology. Wells Fargo (K) Limited should also improve on its marketing strategy by employing market segmentation so as to maintain its sustainability in the service industry.

5.5 Limitations of the study

The study faced the limitation of time where the respondents only gave few minutes to be interviewed therefore the researcher didn’t have adequate time with the respondents to get
some research details on the study. The company administrators had to squeeze in time from their busy schedule to respond to the interviews which proved to be difficult but finally managed to get the necessary information from them.

5.6 Suggestion for Further Research

Further research needs to cover a wider scope of the security industry. Research focusing on the security sector firms operating in Kenya should be done so as to establish the competitive strategies adopted so that the customers can be given reasonable services in line with the global standards.

5.7 Implications for Policy and Practice

Organisations in the service industry should benchmark and study from the top security and transport firms in the industry so as to remain competitive in the market. Policy makers and industry regulators can be able to come up with policies and regulations that will continue to better evaluate and control the strategies implemented.
REFERENCES


Awiti, M. A. (2007). *A survey of competitive strategies used by reproductive health organizations to cope with increased competition in the private sector*, Unpublished MBA Research Project, University of Nairobi, Nairobi, Kenya


Kiptugen, E.J. (2003). *Strategic responses to a changing competitive environment; The case of KCB,* Unpublished MBA research project, University of Nairobi


Shema E. (2012). *Competitive strategies adopted by institutions of higher learning in Rwanda*. Unpublished MBA project, school of business, University of Nairobi


APPENDIX I: LETTER OF INTRODUCTION

DATE: 15/9/2015

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

TO WHOM IT MAY CONCERN

The bearer of this letter, PAUL JIBURU GASHITU

Registration No: 61/60920/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
P.O. Box 30197
Nairobi, Kenya

15 SEP 2015
APPENDIX II: INTERVIEW GUIDE

SECTION A:

1. Who are the proprietors of Wells Fargo (K) Ltd?

2. How long has the organisation been in operation in Kenya?

3. How many branches do you have in Kenya?

4. Which other countries does your organisation operate in?

SECTION B:

1. Has your organisation adopted any competitive strategies for achieving competitive advantage?

2. What are the main objectives of your competitive strategies?

3. What are the things your organisation does better than its competitors in providing services to customers?

4. What specific strategies has the company put in place to withstand competition from its competitors?

5. How have these strategies contributed towards achieving competitive advantage?

6. What is the influence of pricing strategy on achieving sustainable competitive advantage in your organisations?

7. What is the influence of differentiation strategy on achieving sustainable competitive advantage in your organisations?

8. What is the influence of cost leadership strategy on achieving sustainable competitive advantage in your organisations?
9. How has Wells Fargo (K) Limited used your ICT system to build a competitive advantage?

10. What other organisations in the Service Industry in Kenya does Wells Fargo (K) Ltd collaborate with?

11. What are the challenges faced by Wells Fargo (K) Ltd in implementation of strategies?

Thank You