

**APPROACH USED IN BUILDING SUSTAINABLE COMPETITIVE
ADVANTAGE IN THE SECURITY INDUSTRY: THE CASE OF
WARRIOR INSIGHT LTD**

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DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This project is dedicated with all my love to my wife Esther, my son Ethan, and my mother Teresia for the support and understanding that you accorded me when I was not able to spend enough time with you during the time I was writing this project.

To my dad and mum for the effort you put to lay a firm foundation of my education and teaching me to be resilient in order to achieve life goals.

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ABBREVIATIONS AND ACRONYMS

AMS	– Alarm Management System
BM Security	– Bob Morgan, one of the leading security companies in Kenya
CCTV	– Closed-Circuit Television
DRC	– Democratic Republic of Congo
G4S Security	– One of the leading security companies in Kenya
IT	– Information Technology
KK Security	– Kenya Kazi, one of the leading security companies in Kenya
PSCs	- Private Security Companies.
RS24	– Remote Security
RVB	- Resource Based Theory
SCA	– Sustainable Competitive Advantage
VIP	– Very Important Persons
VMS	– Video Management System

ABSTRACT

This study aimed to identifying approach used in building sustainable competitive advantage among private security companies in Kenya. Primary data was collected from eleven middle management staffs of various departments at Warrior INSIGHT in Nairobi using an interview guide. The data collected was analysed using content analysis method. The text including interview transcript were analysed to determine the frequency of specific words or phrases describing ideas that have been employed by the company to build competitive advantage. The study found that the main approach to build sustainable competitive advantage in the security industry by Warriors INSIGHT is by embracing technological innovation. Warrior INSIGHT is providing security surveillance services by use of a Remote Surveillance (RS24) system, a security system using a combination of 24-hour CCTV smart cameras, virtual trip wires, and voice intervention technologies to deliver security surveillance services. This product is designed to effectively counter rising industrial and business crime rates. The RS24 is a combination of a Video Management System (VMS) and Alarm Management System (AMS). Although a comparatively higher cost of installation, the system is cheap to maintain and is proving to be the best alternative to traditional security products and services. Additionally, Warrior INSIGHT provides security information services that include alerts and analysis of security incidences as a way of empowering its clients to make informed decision that controls security risks. All these services are viewed to be helping the company gain competitive advantage. To sustain the service delivery, Warrior INSIGHT, is continually conducting independent surveys to obtain feedbacks from both the clients and employees, staff's performance management and continuous monitoring of the strategy implementation to evaluate and control strategy. Warrior INSIGHT Limited has been successful in neutralizing technology innovativeness by use of RS24 security system in the security industry. However, the study recommends that the company should engage in cost leadership strategy in order to effectively compete with rival's cheap traditional products. The company will be able to achieve this by increasing operational efficiency thus eliminating wastages and duplications.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Security in Kenya is facing a myriad of challenges coupled with declining capacity by the state to mitigate insecurity since early 1990s (Abrahamsen & Williams 2005). According to Fischer and Green (2004) most states lack capacity to exhaustively provide security to her people due to limited resources. Hence, the emergence of private security companies (PSCs) to reinforce state's responsibility in offering security services. The concept of PSC has been in place dating a number of centuries back and has only evolved with time (Dempsey, 2008). The expansion of PSCs in Kenya have been attributed to the increasing crime rates and lack of capacity by state security organs to offer sufficient security to its citizens. According to Gatoto & Mwenda (2015) private security industry in Kenya is considered as a significant employer as it is one of the fastest growing sectors.

Theories such as Resource Based Theory (RBT), contingency theory and open system theory provide important insight into competitive advantage acquisition by PSC. As regard to RBT, the availability of sufficient resources and sophisticated security technology is vital in enabling the innovation strategy achieve competitive advantage. Open system provides that PSC as an organization must structure itself to effectively co-exist with the external environment.

According to Siegel (2010) private security companies (PSCs) have the responsibility to establish the necessary security mechanisms to ensure that the life and properties of their clients are protected. Services offered by PSCs in Kenya ranges from physical protection of public and private properties, cash-in-transit escort, among others (Wairagu et al., 2004). PSCs in Kenya provides an important and much needed differential security services and thus, complementing the state' capacity to offer such. The expansion of PSCs in Kenya has led to competition. Studies on competitive advantages have been conducted, most of them exploring the correlation between technology and competitiveness among the PSC.

An effective strategy should, therefore, aim at enhancing both proactive and reactive approaches in dealing with security issues. The levels of competence prevailing in any given security firm depend on its capacity to project and deploy a relevant and sustainable security services. Therefore, an important theoretical framework for understanding the challenges of insecurity is to put up strategic measures to avert the changing dimension of security in the external environment.

PSCs in Kenya faces stiff competition due to the rate of new entry into the security industry by both international and local players. This calls for a proper strategy that will ensure survival and attainment of competitive advantage. In 2004, the industry was valued at \$43 million and provided employment to about 50,000 Kenyans. Unlike, public security agencies, PSCs operate as a profit-making business, therefore, charging a fee for their services to their client.

Therefore, competitive advantages drivers such as quality, cost, differentiation, innovative products are paramount. This study entails the establishment of attainment of a sustainable competitive advantage among PSCs in Kenya with a focus of Warrior INSIGHT Limited, a private security company in Kenya.

Warrior INSIGHT is using innovation strategy as a means to acquire a sustainable competitive strategy in the industry. Security is important in a myriad of ways as it provides a serene avenue for country's development. Security is fundament in promoting the economic, social and international relations factors. A secure environment provides an avenue for enabling investments and good interdependence among nations. Today, PSCs are responsible for protecting both states installations such as the University of Nairobi, Judiciary among many others, and private individual assets and life.

1.1.1 Sustainable Competitive Advantage

Competitive advantage is situation or condition that makes a firm superior and puts it in a favourable business position compare to rival firms. Competitive advantage can be found by creating value to customers and the value created must exceeds the firm's cost of creating it (Porter 1985). Firms operating in a competitive industry should seek a competitive advantage by leveraging their resources and capability and continually adapting to the external environment to capitalise on opportunities and responding to threats in a sustainable manner.

Private security firm operates in an open system in that their internal processes constantly interact with the external environment. When a firm has attained a significant level of a competitive advantage compared to its rival then, maintaining it with an objective for long-term success in the industry is paramount for continued growth.

Theories such as the Industrial Organization (IO) and the Resource-Based View (RBV) of organization acclaim resources availability as the best component to build, control and sustain a competitive advantage. Proponents of RBV argue that the organization's resources informs or guides the firm's strategy (Feurer & Chaharbaghi, 1995). Therefore, a firm needs to continuously re-align its resources to match the output requirement in order to create value to its customers in a sustainable manner. With an increase environmental turbulence firms are increasingly adopting approaches of gaining competitive advantage in order to survive and prosper within their respective industries. One of the approaches is by use technological based services delivery via information communication technology (ICT) such as internet base selling and communication and use of automated operations.

Normally, firm's competitive advantage sustainability can be hold for a limited period of time due to risk of imitation by rival firms thereby undermining the advantage enjoyed. Therefore, the firm should emphasize on stringent differential strategy by re-alignment of resource in a way that it would be difficult to imitate. The firm must also continually evaluate its strategy to enable it effectively and timely respond to external environment changes.

In the pursuit of profitability and a larger market share of the market, businesses face myriads of challenges. Porter (1985) categorized these challenges as five forces that stands in the way of achieving a competitive advantage. These force include the bargaining of suppliers; bargaining power of buyers; the threat of new potential entrants and substitute products; and rivalry among competitors. These forces form a foundation for analysing competitive advantage in the industry. Therefore, a firm should continuously evaluate competitive situation using these five forces in order to formulate, evaluate and implement a strategy that aims towards achieving sustainable competitive advantage (SCA).

According to Ansoff (1957) firms can choose to grow by adopting product-market mix. Either through enhancing marketing to increase sales of existing products within the existing market, introducing a new product into an existing market, introducing an existing product into a new market, or having a new product in a new market. Ansoff asserted that either of the four approaches can enable a firm to gain SCA that leads to the growth.

1.1.2 Private Security Firms in Kenya

Private security companies operates as profit making entities and therefore, registered as business under the company's act of Kenya. A study by Watoto and Mwenda (2015) revealed that there are more than 2000 PSCs operating in Kenya. According to Sammy and Magda (2009) there is need for security industry reforms on private security firms in Kenya.

Until the recently enacted Private Security Regulation Act, 2016, PSCs had been operating without a coherent government oversight body. The Private Security Regulation Act (PSRA) was developed to regulate private security industry and to provide a structure for PSCs – state’s security organs cooperation. The Act stipulates that a person or PSC need to be licenced in order to operate.

The licence is subjected to the minimum requirement for a person or a PSC, such as; a person (s) as director (s) needs to be eligible for registration as a private security provider. For example, company need to be incorporated in Kenya by a person (s) who have been security-vetted. The Act states that the licence is renewal annually after a re-vetting of the person (s) and the PSC is done. It also requires that every person who is employed in a private security service firm, including a person offering security services training shall be registered. This Act is fundamental to ensuring regulation of conducts and accountability within PSC industry which are key aspects of corporate governance. PSCs have been operating under private association that firm joins voluntarily. Currently, there are two bodies governing PSCs in Kenya; (1) Kenya Security Industry Association (KSIA) and (2) Protective Services Industry Associations (PSIA (Watoto and Mwenda, 2015). KSIA is an association of relatively bigger companies; currently, it has membership 30 companies.

Its objective is to regulate quality of services in the industry, to appraise common issues or challenges facing the members and provide framework for member cooperation with state and emergencies services providers. On the other hand, PSIA is an association of

medium to smaller private companies. Its membership is approximately 40 companies. PSIA was formed to help small firms deal with issue of minimum wage so that the middle level income individuals and businesses can afford to procure private security services from smaller firms (Oanda, 2013).

Insecurity challenge in Kenya has been increasing over time. This has historically been attributed to economic challenge such as increasing level of unemployment among youth and increase cost of living. The growth of the security sector in Kenya has given PSCs an avenue to operate and grow as individual entity compared to countries such as Uganda and Tanzania (Abrahamsen & Williams, 2005). Many PSCs started small and have grown overtime while others continue to face challenges due to competition. The PSCs offers services including guarding, alarm response, courier, firefighting, asset tracking and cash service and isolated ones offer ambulance services. The industry is expanding rapidly and facing stiff competition. The PSCs offer highly differentiated and competitive services.

They offer services to individual persons, financial institutions, parastatals, learning institutions, industries, embassies, international organizations and refugee camps. According to findings by Nkutu and Sabala (2007) PSCs plays important roles in a number of ways such as; 1) PSCs supplements state security to protect government installations, embassies building among others. 2) PSCs provide employment opportunities for varied positions.

1.1.3 Warrior INSIGHT Limited

Warrior INSIGHT is a security management company based in Nairobi. The company is a sister company of Warrior Security International which operates in South Sudan, Tanzania, and the Central Africa Republic. Warrior INSIGHT provides bespoke security services such as advisories and technical security solutions to its clients in Kenya. The company was started in 2015 in Kenya with a mission to provide integrated and differential security solutions to its clients. According to Warrior Insight's Chief Executive Officer (CEO) Adam Millers the company was founded to offer alternative security solutions through innovation strategy by use ICT. According to Miller, the company makes use of modern technology in the provision of information technology (IT) driven surveillances systems which is less labour intensive compared to the man guarding.

In April 2015, the company launched an innovative product-Remote Surveillance (RS24) system-a security system using a combination of 24-hour CCTV smart cameras, virtual trip wires, and voice intervention technologies to offer security surveillance services. The product aims to help counter rising industrial and business crime rates such as break-ins. The RS24 is a combination of a Video Management System (VMS) and Alarm Management System (AMS). The systems are enabled by Internet Protocol (IP) address that helps to respond to alarm remotely. The system is proving to be the best alternative to man guarding since it can be integrated to help to carry out most of the tasks that guards do, for instance, the system can be architected to close and open doors, deter intruders and use of voice intervention remotely to deter or communicate to person in a

site. According to Maina (2016) there had been deterioration of general security in Kenya over the past two years including majorly attributed to robbery in businesses and residential homes. A rise in theft has become an issue for many businesses. Many customers are looking for alternative security solutions to combat the rise in crime levels. Therefore, RS24 system introduced on this basis.

According to Miller RS24 is designed to offer more effective and efficient security solutions. Therefore, RS24 intends to offer best alternative to traditional security measures such as manned guarding, alarm and electric fencing. RS24 system is enabled by a combination of video analytics software that are integrated by a smart CCTV cameras and watched by controllers at the operations room. The system is also integrated with a real-time audio technology that a controller can use to speak to an intruder virtually. Hence, the system has ability to proactively detect and intercept criminals before they commit a crime. Additionally, the company through a smart map application, Inquiron, provides security information services that include alerts and analysis of security incidences. This kind of services empowers the clients and staff to make informed decision that controls security risks.

Inquiron is a bespoke smart map application that was innovatively developed by the company in liaison with an independent consultant to capture and store security related incidents that have been reported by media sources within Kenya. The approach by Warrior INSIGHT to offer alternative services to traditional security such as manned guarding, which is viewed as labour intensive or redundant, can help transform security

management in Kenya. Warrior INSIGHT has wide client base who consist of industrial client, Non-governmental Organisations (NGO), multi-national and development entities. The firm is adopting modern technological security equipment in dealing with complex security challenges.

1.2 Research problem

Organizations in Kenya continue to operate under turbulent environment owing to increasing competition and dynamic nature of environment they operate in. In order to survive and deliver output effectively, the firms require establishing competitive advantage that is controlled through strategic management process. Machuki (2005) assert that all organizations must effectively respond or conform to the changing environment in which they operate in order to prosper. PSCs in Kenya continue to face stiff competition within the security industry. Such competition challenges are attributed to competitive forces such as threat of new entrants and availability of substitute products and services; and rivalry by existing firms in the industry (Porter, 1980).

Locally, some studies have been conducted in regards to building competitive advantage among firms in the security industry (Oanda 2013; Muguni 2007; Kamanda 2006; Situma 2006; Machuki 2005; Muturi 2005;). However, these studies have dwelled mainly on the challenges and barriers to strategy implementation. These studies have not equally provided sufficient answers to what approached have been used to build competitive advantage among PSCs in Kenya.

In general, how to achieve competitive advantage among PSCs has not received much attention by researchers and hence permeating a contextual research gap. For PSCS in Kenya to build SCA, they need to contextualise technological innovative strategy. Therefore, this study aims at contributing to the wealth of knowledge and help fill this research gap by focusing on approaches used in building SCA by PSCs in Kenya via a case study on Warrior INSIGHT Limited. Contextually, some studies have been carried out in various industries to identify how innovation strategy promotes SCA. However, very few ones have been conducted with focus on the security industry in Kenya. According Titman and Wessel (2008) there exist a positive relationship between competitive advantage and unique innovative strategy in the security services industry. This finding however, does not provide in context what and how innovation is to be initiated and implemented. Anderson (2014) found that although costly when implemented, innovation strategy leads to rapid firm's growth. Anderson's finding emanates from a research he carried out on competitive advantage, innovation strategy correlation and operations automation level of private security firms in Belgium between the years 2004 to 2014. Studies have shown that firm that have invested in innovation and technology are gaining competitive advantage over their conservative peers. Forty & Maina (2010) observed that as PSCs are up to task to evolve and come up with disruptive technology to combat the changing dynamics of security is an issue of concerned. Therefore, the nature of security risks and challenges facing security firms in the 21st century calls for technological responses. This study was motivated by change in security patterns and the dire need to develop ways to effectively respond to such in a sustainable and effective manner.

Traditional security services such as the guarding will eventually become redundant in future owing to technological changes that affect security industry. Five of the leading PSCs in Kenya such as KK Security, G4S, Securex Agency, BM Security and Wells Fargo have man guarding holding significantly large portfolio of their investments compared to other products. Holding this as such, it could be dangerous as man-guarding is not sustainable. Therefore, there is a need to identify those approaches used in building sustainable competitive advantage by PSCs in the security industry in Kenya. Increased research in this area is necessary to unveil what strategy promotes sustainable competitive within private security industry.

1.3 Research Objective

The study's objective is to identify approach used in building sustainable competitive advantage among private security companies in Kenya.

1.4 Value of the Study

This research study can offer a valuable tool to the government in understanding the strategy adopted by PSCs in dealing with security challenges in the country. This will help the regulatory agencies and the government in the formulation of policies related to the provision and regulation of security. The study's finding will help the management of security companies in Kenya to exercise organizational control by diagnosing the innovation, training, equipment and development needs of the future. It will also provide information to assist in the security analysts to understand the competitive approaches to security.

Most importantly, the results of this study will be helpful to the major stakeholders of the company such as director, suppliers, customers and government concerning the strategy on the performance of security firms and thereby informing on investment approaches. The study will be a source of reference material for future researchers on studying other related topics; it will also help other academicians who will undertake the same topic in their studies. This will serve as literature for review by the scholars in future studies. The study will also highlight other important relationships between or among variable that require further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers the various studies carried out on significant approaches to acquiring competitive advantage among security companies in Kenya. It highlights the importance of Resource Based View (RBV) of the organization, Contingencies theories, Open Systems Theory and empirical review with a summary of the previous findings from various studies. The chapter examines various theories drawn from previous works carried out by other researchers and relates it to the study to support it. It also reviews the existing literature on various competitive practices and strategic management approaches.

2.2 Theoretical Foundation of the Study

Competitive advantage among security companies in Kenya can be explained through various theories that have been conceptualized through strategy management. Competitive advantage is earned by offering best quality, lower priced or customer attributes fits better compared to competitor. This can be helped by determining what customer wants or value attributes the find best method to produce the products by mobilizing the resources. The concept of strategy dates back to the 20th century. It is based on several theories. This study focused on the following theories aimed at informing the problem under investigation: (a) Contingency Theory, (b) Open Systems Theory and (c) Resource Based theory. Hitt, Ireland and Hoskisson (2005) postulates that the resource based view model and the industrial organization model aim at helping organizations to identify resources need and technology requirement to inform on strategy formulate and implement.

Competitive advantage is exhibited the value created by the firm for its customer that exceeds the cost of creating it (Porter, 1985). Firms operating in a competitive industry should seek a competitive advantage by leveraging their resources and capability and continually adapting to the external environment to capitalise on opportunities and responding to threats in a sustainable manner.

2.2.1 Contingency Theory

Contingency theory states that there is no single best way of managing organizations (Burnes 2004). The theory was first coined by Fielder (1960) who concluded that there is no single best way to lead within an organization. The assertion by Scott (1981) on contingency theory is that the nature of environment inform on the best way to organize or lead by the organization. This is because organizational factors such as organizational structure and culture, size, type, and complexity of the organization visa vie the situational factors shaping the industry landscape. This renders the best practice or strategy in one organization in given industry at a given time irrelevant or obsolete in another set of situation. This theory asserts the idea that there is no one best way to manage an organization. Therefore, a firm should consider adopting or developing a management strategy that is informed by relevant experience to effectively respond to an environmental condition. As a tool to help in making strategic choices and managerial decisions, strategic management theories will help during the process of strategy formulation, implementation, and evaluation and control. One of the contingents in this theory is technology which plays a critical role in transforming organizations.

This theory affirms the complexity and dynamism of the environment. Also, it affirms the unpredictable nature of the environment. Therefore, arguing that strategy need to be flexible enough to respond to dynamic nature of the environment. Contingency theory has survived over the decades and has provided an avenue for other related researches thereby expounding the wealth of knowledge. The theory assertion that there is no single way to manage provides a need for the strategy to be flexible on how they are formulated, controlled and evaluated. However, one of the criticisms of the theory is that it fails short to explain in the context of the best way to manage. For instance, the theory does not explain why leaders with certain leadership styles are effective in some situation but not others.

2.2.2 Open System Theory

Open systems theory is the nature or condition that organizations exchange feedbacks or interdepend with its external environment. The micro environment comprises of the environment within the organisation set-up such as resources and capability which the organization normally has control over. The external environment of organizations is refer to as the macro-environment and comprises of an economic, political, social nature, technology. The organization do not have control over external environment. The environment provides key input that the organization transform to output consumed by environment (Bastedo 2004). The theory was initially coined by Bertalanffy (1956) who described an open system as the process by which the environment affects a system and influence the way it functions. The theory was immediately applicable across other disciplines.

Organizations such as security firms are open systems. They receive various inputs from the environment; transform them in some way and export outputs. Haines (1972) states that sub-systems are important in the application of open system concept by the organization as they help in influencing factors in the environment to create synergistic general system. The theory shows emphasizes the need to have an environmental consideration among organisations. This shows the relationship between the organisations and external environment, for instance, an organisation directly depends on the resources that are found in the external environment and environment depends on of the products that manufactured by an organisation. However, the theory does not in context provide a framework to describe specific components of the environment to the organisation.

2.2.3 Resource-Based View Theory

The resource-based view (RBV) describes the specific resources and its characteristics that are most likely to create value to customer in given time. The value created can then help in building and sustain competitive advantage by the organization (Barney 1991). RBV asserts that resources that are treasured and available to an organization only can lead to the creation of competitive advantage. Also, RBV argues that the competitive advantage can be sustained over longer time periods as long as the organization can protect itself against imitation, or substitution (Barney 1991; Black & Boal 1994; Wade & Hulland 2004). Resources can be both tangible and intangible assets and capability that are available to be used to respond to market opportunities or threats (Sanchez Heene, & Thomas 1996). Firms are also viewed to be different based on the resources they are endowed with.

Wernefelt (1984) was the proponent of the resource based theory. The resource-based theory stipulates that firms perform better when they assemble resources that are treasured, durable, uncommon, difficult to copy, non-substitutable and superior to competitor's resources and successfully bundle them into unique capabilities which they could use to generate competitive advantage and superior performance (Penrose 1995).

It is notable that resource-based theory was popular in the 1960s when adoption of strategic planning practices was on the increase both in the U.S.A. and overseas. The resource-Based View suggests that the firm holds some level of specific knowledge which is somehow unique and specific to particular strategy. Knowledge is normally specific and often acquired to make it difficult to copy and understood by those outside the firm (Ainuddin et al. 2007).

RBV suggests that resources and capabilities required by the firm are obtained from the environment therefore, the need for the firm to effectively interact with the environment. Firms seek to survive and prosper within its industry by managing and controlling critical resources as best they can in an uncertain and turbulent environment through adaptation to the environment. One of the strengths of this theory is it provide a good way for managers to better understand their resource base thereby, enabling them making informed decision making regarding the allocation of resources.

However, a criticism of the theory is that the same value for the firm can be generated by different resources configurations can generate and therefore, difficult to establish competitive advantage. Another weakness of this theory is that it is only applicable to a static environment, which in this case, it does not fully support the dynamic nature of the current environment.

2.2.4 Review of Empirical Studies

Studies have been carried out to identify approaches to acquiring competitive advantage among different firms in different industries. Of interest, technology innovation has received a lot of concern as regards to the need to acquiring SCA. Patel and Pavitt (1997) asserts that technology is a key source of competitive advantage for a company. Firms that embraces technological innovation in the production of good and services have proven to be realizing a better financial performance and growth in the industry compared to those that don't. The technological innovation helps in developing new product lines or market re-positioning within the industry. According to Andersson (2003) and Coates (1995), there is a positive correlation between technological innovation and company's competitive capability with a given industry. Hafeez, Zhang, and Malak (2002) demonstrate that a company should identify, harmonise and develop its ability to survive and thrive in the industry to subsequently acquire long lasting competitive advantages. Therefore, firms should always analyse their environment in order review their strength and weaknesses while taking advantage of opportunities and avoiding the threats exhibited. This will help in keeping and developing new technological capabilities in order to survive.

According to Ballou and Slater (1994) due to competitive natures, other firms will attempt to copy the approach use by the firm to build competitive advantage thereby, compromising the survival nature of the firm. Therefore, the firm need to constantly improve by been innovative as it easy to duplicate performance achieved by use of IT Feeny and Ives (1990). Many researchers have found out that firms can sustain competitive advantage when implementing IT innovation to develop superior product (Sambamurthy, 2000).

According to an empirical evidence by Porter and Millar (1985) companies implementing strategy by use of an IT are able to gain an edge over their direct competitors in the industry. Sambamurthy (2000) indicate that identifying and adoption of appropriate IT is a key for firm's success in the industry. The degree of the sustainability of the competitive advantage built is possible if IT resources and capabilities used are difficult to imitate.

Additionally, conditions such as barriers and high switching costs in the industry coupling the unique resource and capability of IT can further enable a firm gain a sustained competitive advantage (Porter et al, 1980). Porter attributed such barriers to specific IT skills and resources such as managerial level and technical skills and IT infrastructure. Mata et al (1995) indicate that Managerial IT skills as the ability to develop, direct and control IT applications. Bharadwaj (2000) and Mata (1995) identified four main reasons that makes managerial IT a source of sustainable competitive advantage.

(a) Managerial IT skills helps the firms manage and control the technical and market risks associated with investment in IT. (b) The managerial skills are developed over time through the accumulation of experience by the firm (Katz, 1974). (c) The skill they are indirect to actual technical IT skills and normally act as a support mechanism (Mata et al., 1995). (d) The skills are developed via individual staff interrelation with goal of the firm (Mata et al., 1995).

According to Copeland and McKenney (1988) technical IT skills is the know-how required to develop and utilize IT applications. Mata et al. (1995) affirm that technical IT skills are essential to enable effectiveness in the use of IT. However, for a firm to have sources of SCA the technical skills need to have ability to reconfigure IT attributes to meet requirement that create specific source of SCA. Training of employees to empower them is important to ensure efficiency in the use of IT skills technically. While evaluating productivity among programmers, Demarco and Lister (1987) found that appropriate training and use of technical IT skills can promote SCA.

A research by Fernández, Jorge and Saurina (2000) the right choice of strategy is fundamentally important in ensuring organisational success. Therefore, the success of a technological innovation is fully informed by a strategy choice and how it is implemented. A study by Titman & Wessels (2008) finds strategic innovation to be very vital in modern operations. The findings revealed that there exists a relationship between competitive advantage and innovative strategy.

Morellac (2001) established that the use of technology is key to effective security services in the 21st century and that there exists a relationship between innovation strategy and competitive advantage among successful companies. Anderson (2014) carried out a research to identify the correlation between competitive advantage, innovation strategy and automation of private security firms in Belgium between the years 2004 to 2014. The study assert that, although costly innovation strategy if utilized, it is positively correlated to competitive advantage hence rapid firm's growth. Wurgler (2002) proved that innovation and technology lead to high firm value and innovative strategy should be effectively designed and implemented.

Several research have shown that there exists a direct and positive between innovation strategy and profitability of security firms. Profitability level lowers the level of debt financing and in alignment to the pecking order theory; a firm utilizes its retained earnings before utilizing debt. The presence of debt leads to agency problems and ensures that efficiency is maintained.

Lipson & Mortal (2009) conducted a survey to test the relationship between financial performance and innovation strategy among security firms in Lesotho. In their findings, those firms that had higher levels of technology realized higher volumes of profits. This proofs that innovation strategy is most likely to lead to good performance. There are different types of innovation such as new product, new sources of supply, new methods of exploitation of new markets, new methods of production and new ways to organize business (Schumpeter 1934). According to Drucker (1985) innovation is the process of acquiring and utilizing new better capabilities to create value to the customer.

McAdam and Keogh (2004) found out that a firm will enhance performance and survive through a turbulent environment via gaining competitive advantage if it increases its innovation and research. Many researchers have found out that firms seek technological innovation to gain competitive advantage within their respective industries.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of various phases in the method used to complete study. It involves an outline of the collection, measurement, and analysis of data. The phase or structure outline included the following; research design, a population of the study, data collection, and data analysis.

3.2 Research Design

The research design used is a case study. Mugenda and Mugenda, (2003) defined a case study as an exhaustive study of an individual, institution or phenomenon. Case study's main purpose is to determine factors and relationships among the issue or phenomenon that have resulted in the behaviour under study. As this study sought to be carry out an exhaustive investigation of the approaches used in building a sustainable competitive advantage in the security industry, a case study design was seen as appropriate to achieve the goal of this qualitative study. Case study is a multi-dimensional analyses of the phenomenon or situation. This means that the researcher has broad approach in the study by considering voice, ideas portrayed, perspective of the actors, and relevant interaction between actors in an institution or individual level.

3.3 Population

The target population of the study is eleven middle management staffs. The interviewees consisted of four heads of departments and seven functional managers in charge of finance, information technology and technical, human resources, sales and marketing, compliance, advisory, and operations. This group of respondents is considered for the interview because of their positions and the roles they play in strategy implementation.

3.4 Data Collection

Primary data was emphasized in this study. The advantage of the primary data is that it provides specific and immediate information, relevant and up-to-date. The weakness of the primary data is that high cost and amount of time associated with its collection (Mugenda and Mugenda, 2003). During the study, an interview guide was used to collect the primary data. The interview guide comprised a set of questions that the interviewer asked by an interviewee during the data collection exercise. The interview guide is a question - answer process where a researcher asks survey questions and the interviewee answers.

Interview guide makes it possible to acquire necessary data required to analyse a situation that will help meet a given objectives of the study (Mugenda and Mugenda, 2003). The interview guide equally assists in probing the interviewees in order to get in-depth knowledge in building sustainable competitive advantage and the part played by the various functions of the company.

3.5 Data Analysis

Qualitative data collected was analysed using content analysis. Content analysis is a method of analysing qualitative data. Berelson (1952), Krippendorff (1980) and Weber (1990) defined content analysis as a method for condensing many words or text into fewer and manageable content categories in adherence to basic explicit rules of coding. Content analysis enables researchers to scrutinise the large volumes of data effectively and in a systematic fashion. Content analysis is a useful technique for enabling one to discover and describe a relationship among variables (Weber, 1990).

Content analysis also allows interpretations to be made which can then be verified using other methods of data collection. The availability and meanings in relationships to a particular concept was analysed in order to make inferences about Warrior INSIGHTS. Content analysis is well suited and relevant to the study. The importance of content analysis is that it is a systematic technique for condensing a large volume of words into small and manageable categorised words or phrase exhibiting a certain idea in order to analyse.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter contains analysis of data collected and findings. Data was collected through interview guide and analysed using content analysis method. The key findings were on competitive strategy adopted by Warrior INSIGHTS Limited to gain competitive advantage. All the eleven middle management staffs in chapter three were interviewed and thus the response rate of 100%. This response rate was reached at after the researcher made persistent effort of booking appointments with the managers, reminding and following up via phone calls to remind them of the interview.

4.2 Demographic Information

In an effort to ascertain the interviewees' competence and conversance with matters regarding Warrior INSIGHTS Limited, the study focused to ask to indicate their position in the organization. The findings show that all the interviewees were managers in charge of various departments such as Business Development, Operations, Finance, and Human Resources. Most of the interviewees had worked for the organization for at least one year. The respondents thus had the necessary knowledge and experience to be able to provide the necessary information being sought by the researcher.

4.3 Competition in the industry

Most interviewees indicated that Warrior INSIGHT faces competition in the industry and that this is what has necessitated it to embrace technological innovation in pursuit of gaining competitive. The interviewees were asked to name the company's main competitors. From the responses, the interviewees indicated that the main competitors of Warrior INSIGHT Limited included corporate security companies such as KK Security, Wells Fargo, Securex Agencies and G4s. Warrior INSIGHT Limited as a way of neutralising competition came up with RS24 security system which was designed to be a best alternative to traditional or current security measures that include manned guarding, alarm and response services. These traditional security services are being offered by the competitors such as KK Security, Securex, G4S, BM Security among others.

RS24 system is operated with a blend of innovative video analytics application, monitored by controllers at the operations room, coupled with a real-time audio intervention that a controller can use to speak or verbally warn an intruder. Hence, the system is capable to proactively detect and intercept criminals before they commit a crime. The approach by Warrior INSIGHT to offer alternative services to traditional security such as manned guarding, which is viewed as labour intensive and sometimes ineffective, will promote security management transformation in Kenya. The creation of RS24 by Warrior INSIGHT enables the company to compete with its rivalry in security industry, hence creating competitive advantage among its competitor's.

All of the interviewees indicated that the competition as a challenge in the past led to loss of revenue and low profitability, loss of market share, high staff turnover, brand image damage, low liquidity, loss of good reputation and it forced the company to develop strategy to remain competitive.

4.4 Competitive strategy

4.4.1 Competitive strategy that Warrior INSIGHT has put in place to sustain its competitiveness.

Majority of the interviewees indicated that in order to cope with the competition in the industry, Warrior NISIGHT Limited has endeavoured to improve service delivery and keeping close tabs with clients as well as improved responses to customer needs. The company has also improved the quality of employees through training and development. The company is committed to offering alternative security solutions through innovation strategy by use ICT. The company pursue this by use of modern technology in the provision of information technology (IT) driven surveillances systems which is less labour intensive compared to traditional products such as man guarding. Warrior INSIGHT has introduced an innovative security system comprising of video analytics, which improves effectiveness of a CCTV from its reactive nature to a more proactive nature. The system provides intergraded security solutions that prevent crime before he happen. The system can for instance, the CCTV cameras' surveillance substitute hired manned guards services which is comparatively costly. To sustain its service delivery, training and nurturing of staff is paramount to make them more responsive to the technical aspects of the system, set a platform for innovation and be competent.

Warrior INSIGHT security Limited uses the innovate technology of RS24 security system while the competitor's rely on the traditional security solutions such as manned guarding which is being paced out with changing environment, hence by Warrior INSIGHT Limited making use of RS24 security system to offer solutions to security issues gives it upper hand to gain competitive advantage to sustain itself in the security industry amongst the other PSCs in Kenya. Additionally, the company through a smart map application, Inquiron, provides security information services that include alerts and analysis of security incidences. Inquiron is a bespoke smart map application that was innovatively developed by the company in liaison with an independent consultant to capture and store security related incidents that have been reported by media sources within Kenya. Warrior INSIGHT engages in niche marketing targeting corporate and foreign developmental institutions.

4.4.2 Methods the company employs to evaluate their strategy to make them competitive

The interviewees further intimated that the methods include conducting of independent surveys, staff appraisals, continuous monitoring of the strategy implementation and feedback from customers and employees, monitoring the volumes of business, monitoring of daily performance to evaluate the impact of the strategy, holding regular strategic meetings to evaluate the performance at both management and departmental levels, checking on the continuous use of the technology, auditing the strategy implementation process to determine the effectiveness.

All the interviewees indicated that to a very great extent, the strategy have been very successful. The marketing strategy that the company has adopted to respond to challenges of competition have therefore resulted in increased sales and sound profitability for the company.

Some interviewees indicted that as a capability, Warrior INSIGHT Limited operates within the framework of highest international ISO standards on risk management (ISO31000, 14001, 45000 and 9001) hence, able to provide assurance of its competent on corporate security advisory and risk management and remote monitoring.

Warrior INSIGHT has also built and maintains some key invaluable sources of information network which provided security information in real time to a team of analysts via database information system. The company is viewed to be striving in responding to technological environment by transforming its innovativeness strength to take advantage of opportunities.

4.4.3 How the company tells if the strategy are still maintaining a sustainable competitive advantage.

All the interviewees indicated that Warrior INSIGHT Limited tell if the strategy are still maintaining a sustainable competitive advantage by continually conducting survey on market share and market intelligence via business development team on monthly basis. The company also monitoring staff retention index, checking revenue and profitability trend, conducting industry revenue analysis and survey on customer satisfaction and

customer retention, checking on rate of referrals and other companies trying to copy their strategy. The interviewees further indicated that the responses to the competitive environment that have borne fruitful results were strong financial strategy (operation cost reduction), innovation (product, technology) and invention (new product and technological) strategy and research and development ventures aimed at developing the relevant customer knowledge.

Interviewees also indicated that the company strives to adopt cutting edge innovation crafted specifically to address the existing and potential customer need. Warrior INSIGHT is striving to main its strategic fit by realigning it capabilities in its internal environment to opportunities in the external environment. The company evaluates its departmental objectives in order to have control of the real capabilities aimed at implementing the strategy over a long period of time.

4.4.4 The measures the company takes when a strategic initiative is not creating a competitive edge

The interviewees further cited the measures they take when a strategic initiative is not creating a competitive edge to include a review of the strategy to find reasons why it is not creating competitive edge and make the necessary changes to make it competitive. Additionally continuously carry out more research and development to help evaluate the strategy. Review the existing strategy through the strategy steps to assert which step was not done conclusively in the process of adopting the strategy to gain competitive advantage in the security industry.

Establishing monitoring and Evaluation committee to conduct quarterly meetings to review the status of the strategic adopted as it relates to gaining competitive advantage and also preparing annual work plans to operationalize the strategy and activities to gain competitive advantage in the security industry.

4.4.5 Other factors that help the organization to remain competitive

The interviewees were in accord that other factors that help the organization to remain competitive included the frameworks under which they operate are of the highest international ISO standards on risk management (ISO31000, 14001, 45000 and 9001) which mean they are able to provide assurance through advisory on corporate security and risk management. Warrior INSIGHT has also built and maintains an important source of informational network which provided real time important security information to a team of analysts using an innovative information database system that helps in analysis of security information.

Also, Warrior INSIGHT has a unique technology security system, RS24 security system was innovated to tackle current security challenges faced by businesses and individual households. The system uses a combination of smart CCTV cameras to counter rising industrial and business crime rates. The RS24 is a combination of a Video Management System (VMS) and Alarm Management System (AMS). The systems are enabled by Internet Protocol (IP) address that helps to respond to alarm remotely. The system is proving to be the best alternatives to man guarding since it can be integrated to help to carry out most of the tasks that guard do.

Warrior INSIGHT Limited also strive to acquire a significant market share in the risk management industry through provision of clients with real time security alerts to improve safety. Additionally, Warrior INSIGHT provides security information services that include alerts and analysis of security incidences as a way of empowering its clients to make informed decision that controls security risks. All these services are viewed to be helping the company gain competitive advantage.

4.5 Discussion

The objective of this study is to identify approach used in building sustainable competitive advantage among private security companies in Kenya. From the results presented, the study has established that the company uses RS24 security system as the major approach in sustaining competitive advantage among its competitors in Kenya. Also, the company through a smart map application, Inquiron, provides security information services that include alerts and analysis of security incidences. All these services are viewed to be helping the company gain competitive advantage. The study has further established that the company strives to evaluate its strategy in order to remain competitive and to grow its market share. The approaches adopted by the company to move towards achieving the strategy include innovative technology security solutions, improve quality of service delivery and improved customer relationship. The company has also improved the quality of employees through training and hiring of qualified staff, embrace innovation, engaged in niche marketing strategy, maintained competitive rates, motivated employees through incentive schemes, and product differentiation. These approaches have resulted in improved performance of the company.

These findings seem to agree with Anderson (2003) and Gallon, Stillman and Coates (1995) assertion that technological innovation is paramount to providing a firm with competitive capability. Hafeez, Zhang, and Malak (2002) suggest that a company should identify, develop and manage its competitiveness so as to build a sustainable competitive advantages. Therefore, it is key for companies to continually change and conform to their dynamic environment in order to effectively developed new technological capabilities to remain relevant in the industry.

For instance Warrior INSIGHT has responded rapidly by adopting RS24 security system which has assisted it to acquire core competencies in service delivery in the security industry. This study has established that Warrior INSIGHT Limited has earned competitive advantage which has resulted in the growth of revenue and profitability in the last financial ending July 2016.

The findings concurs with RVB theorists who stipulated that availability of valuable rare resources to a firm can enable a firm build a competitive advantage. The firm's ability protect the resources or product specification from being imitated or transferred can lead to a sustainable competitive advantage (Barney 1991; Black & Boal 1994; Wade & Hulland 2004). Warrior INSIGHT's capability include resources such as qualified staffs and resources such as the state of the art surveillance devices and control room for monitoring. It has been viewed that these capability is unique in the industry.

The findings are also consistent with the findings of Morellac (2001) who established that the use of technology is key to effective security services in the 21st century and that there exists a positive correlation between innovation and competitive advantage among successful companies. Anderson (2014) carried out a research on the relationship between innovation strategy, competitiveness and automation of private security firms in Belgium between the years 2004 to 2014. The study assert that, although costly innovation strategy if utilized, it is positively correlated to competitive advantage hence rapid firm's growth. Warrior INSIGHT is embracing this by proving differential solutions to dynamic security challenges by use of technology for both surveillance and reporting such as use of RS24 and real time security information intelligent technological database via smart map application. According to the findings of this study Warrior INSIGHT has been able to position itself in the market by adoption of innovation and technology so as to out compete rivals in the industry.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of findings drawn from data collected, conclusion drawn from the findings and recommendation made. The conclusions and recommendations have been made in quest of achieving the research objective which is to identify approach used in building sustainable competitive advantage among private security companies in Kenya.

5.2 Summary of Findings

The study found that the main competitors of Warriors INSIGHT include KK Security, G4S, Securex Agency, BM Security and Wells Fargo who have man guarding and alarm services holding significantly large portfolio of their investments. Therefore, in order for Warriors INSIGHT to compete it had to adopt a different approach. This approach entails technological innovation to offer best alternative of existing security services offered by rivals. It was found that the nature of competition that Warrior INSIGHT Limited faces was mainly in form of product differentiation, technology, human resources and faster management decision making process.

The study further deduced that the competition led to loss of revenue and low profitability, loss of market share, high staff turnover, brand image damage, low liquidity, loss of good reputation and it makes the company develop strategy to remain competitive.

To cope with the competition in the market place, Warrior INSIGHT Limited has endeavoured to provide innovative products and services, improve quality of service delivery and improved customer relationship. The company has also improved the quality of employees through training and hiring of qualified staff, set a platform for innovation, engaged in niche marketing strategy, maintained competitive rates, motivated employees through incentive schemes, and product differentiation. They have also increased visibility by being located in various towns and spread in many stations. The study also established that the methods the company employs to evaluate their strategy to make them competitive include conduct of independent customer satisfaction surveys, staff appraisals, monitoring of the strategy implementation process and business volumes. Warrior INSIGHT Limited endeavours to find out if the strategy is still maintaining a sustainable competitive advantage by conducting survey on market share, market intelligence, customer satisfaction and customer retention, monitoring staff retention index, monitoring financial performance, checking on rate of referrals and other companies trying to copy the strategy.

The measures the company takes when a strategic initiative is not creating a competitive edge is to review the strategy and either makes changes or abandons it completely and adopt a new strategy if it is found to be untenable. The study further established that other factors that help the organization to remain competitive included the frameworks under which they operate are of the highest international ISO standards on risk management (ISO31000, 14001, 45000 and 9001) which qualifies Warrior INSIGHT to provide advisory, risk management and remote monitoring services.

5.3 Conclusion

In the security industry which has stiff competition, therefore, Warrior INSIGHT has been able to keep pace with the rivalry by adopting appropriate response strategy. From the findings, the study concludes that Warrior INSIGHT Limited faces competition mainly in form of pricing, product differentiation, technology and human resources from KK Security, G4S, Securex Agency, BM Security and Wells Fargo. Main portfolio of these competitors is manned guarding and alarm services. Therefore, Warrior INSIGHT's responses to these the adoption of RS24 system which has a combination of CCTV smart cameras, computer-generated tripwires and voice involvement technologies to help curb rising industrial and business crimes. The adoption of RS24 is designed to provide a best alternative to current or traditional security measures such as manned guarding and alarm services. The system is enabled by a combination of advanced video analytics software and alarm system.

In advisory, Warrior INSIGHT provides security information services and analysis to its customers to help them make decisions that mitigates or reduces security risks. These approaches makes Warrior INSIGHT unique and therefore, competitive in the industry. Warrior INSIGHT is ensuring that its competitive advantage is sustainable by collecting feedback from both customers and employees, enhancing good customer services, good leadership and motivation and reducing adaptation rate by managers.

5.4 Recommendations

From the discussions and conclusions in this chapter, the study recommends that although Warrior INSIGHT Limited is recording some success in neutralizing the challenges brought about by competition in the security industry, it should engage in cost leadership strategy as a way to response to some competitors' strategy whose products and services are comparatively cheaper. The company will be able to achieve this by increasing operational efficiency thus eliminating wastages and duplications.

Besides cost leadership, Warrior INSIGHT Limited should continuously deliver bespoke product and service that best suits customers' specific needs (differentiation advantage) compared to competitors. This will thus, increase chances of gaining a competitive advantage within the industry. The study further recommends that Warrior INSIGHT Limited should take advantage of the opening up of the regional market as a result of the East Africa Community and perceived increased foreign direct investments. Warrior INSIGHT should consider undertaking marketing and campaigns on products and services so as to increase market penetration, increase market share and customer preference. The study further recommends that warrior INSIGHT Limited evaluate its strategy continuously in order through independent surveys, staff appraisals and feedback from customers and employees. Since the findings imply that Warrior INSIGHT Limited is faced with various challenges brought about by competition in the security industry, it is recommended that the company should consider enhancing innovation strategy by enhancing up with new innovations in order to keep pace with the rivalry.

5.5 Limitations of the Study

Being that this was a case study of one company, the data gathered might differ from strategic responses that other companies in the security industry have adopted to match the competitive environment. This is because different companies adopt different strategies that differentiate them from their competitors.

5.6 Recommendations for Further Research

It is recommended that further research to be carried out on other companies in the security industry to obtain broad information on how other competitors in the industry such as KK security and G4s security have responded to the challenges posed by the competitive environment.

It is study further recommended that further research be done to evaluate how the individual security firms have responded to the competitive environment based on what acclaimed scholars have postulated as the best strategic responses framework. Finally, studies to be conducted on the same study using quantitative data.

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APPENDICES

Appendix 1: Interview Guide for functional managers

Section A: Background Information.

i. What is the name of your department?

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ii. What is your designation?

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iii. How long have you worked in the company?

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Section B: Competition

i. Who do you consider to be the company's main competitors?

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ii. What is the nature of competition that your company faces?

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iii. What are the effects of competition on your company?

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Section C: Competitive strategy

i. What competitive strategy has your company put in place to counter competition?

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ii. What methods do you employ to evaluate your strategy to make them competitive?

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iv. How do you tell if the above strategy is still maintaining a sustainable competitive advantage?

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- v. What measures do you take when a strategic initiative is not creating a competitive edge?

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- vi. Are there any other factors that help the organization to remain competitive?

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Section D: Competition and Competitiveness

- i. Explain how competition within the industry has effected department and the wider company?

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- ii. Describe the following in relation with Warrior INSIGHT:

- a) Customers relationship (expectations, trust, pricing and reliance)

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b) Suppliers relationship (delivery time, pricing, reliance & trust)

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c) The effect of existing alternative products in the market to the company

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d) Existing and potential competition (price war, imitation, lose of business and suppliers)

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iii. Which of the security products is likely to attract competition?

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iv. What is your departmental doing to prevent the risk of imitations by the market followers (copy-cats) in the industry?

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v. Describe idea (s) would you propose to your department to enable it counter competition brought about by imitations?

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vi. What is your department doing or planning to do differently in future in order to enable the organization out match its existing and potential rivals?

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Section E: Strategy

i. How is Warrior INSIGHT unique in the security industry in Kenya?

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ii. Do you think the direction Warrior INSIGHT is taking can make it superior to other security firms in Kenya? Please share your thoughts.

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iii. Describe the relationship between senior management (strategy level) departmental (business level) and marketing or technical (functional level) within the firm.

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iv. What approaches does Warrior INSIGHT in uses to out match its rivals?

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v. Please describe RS24 surveillance as part of the services offered by Warrior INSIGHT.

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vi. Why is RS24 as a security service important to Warrior INSIGHT?

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vii. What can be done to enable the RS24 product build a competitive advantage for the firm?

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viii. Other than what Warrior INSIGHT strategy is adopting, what other (s) idea do you recommend be adopted in order to build a sustainable competitive advantage?

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Thank you very much for your kind assistance.